

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2020
 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-32236

COHEN & STEERS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
 (State or Other Jurisdiction of
 Incorporation or Organization)

14-1904657
 (I.R.S. Employer
 Identification No.)

280 Park Avenue, New York, NY 10017
 (Address of Principal Executive Offices and Zip Code)

(212) 832-3232
 (Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$0.01 par value	CNS	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

- | | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding as of November 2, 2020 was 47,785,725.

COHEN & STEERS, INC. AND SUBSIDIARIES

Form 10-Q

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* Items other than those listed above have been omitted because they are not applicable.

Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect management's current views and expectations with respect to, among other things, our operations and financial performance, and the impact of the ongoing coronavirus (COVID-19) pandemic on the current economic environment and our business. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "may," "should," "seeks," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. We believe that these factors include, but are not limited to, the risks described in the Risk Factors section of this report, our Annual Report on Form 10-K for the year ended December 31, 2019 (the Form 10-K) and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 (the First and Second Quarter 10-Qs), each of which is accessible on the Securities and Exchange Commission's website at www.sec.gov and on our website at www.cohenandsteers.com. These factors are not exhaustive and should be read in conjunction with the other cautionary statements that are included in this report, the Form 10-K, the First and Second Quarter 10-Qs and our other filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I—Financial Information

Item 1. Financial Statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)
(in thousands, except share data)

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 96,305	\$ 101,352
Investments (\$71,941 and \$82,829) ⁽¹⁾	151,365	155,213
Accounts receivable	67,094	59,101
Due from brokers (\$163 and \$1,743) ⁽¹⁾	2,443	1,743
Property and equipment—net	10,920	12,486
Operating lease right-of-use assets	33,649	38,440
Goodwill and intangible assets—net	20,023	19,560
Deferred income tax asset—net	7,073	7,091
Other assets (\$1,247 and \$1,041) ⁽¹⁾	8,594	7,433
Total assets	<u>\$ 397,466</u>	<u>\$ 402,419</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accrued compensation	\$ 36,615	\$ 48,105
Distribution and service fees payable	6,722	7,318
Operating lease liabilities	37,669	43,349
Income tax payable	23,440	22,194
Due to brokers (\$76 and \$366) ⁽¹⁾	293	366
Other liabilities and accrued expenses (\$328 and \$784) ⁽¹⁾	11,553	13,972
Total liabilities	<u>116,292</u>	<u>135,304</u>
Commitments and contingencies (See Note 11)		
Redeemable noncontrolling interests	<u>45,420</u>	<u>53,412</u>
Stockholders' equity:		
Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,456,437 and 52,580,246 shares issued at September 30, 2020 and December 31, 2019, respectively	535	527
Additional paid-in capital	660,689	636,788
Accumulated deficit	(218,643)	(242,461)
Accumulated other comprehensive loss, net of tax	(6,065)	(6,326)
Less: Treasury stock, at cost, 5,674,510 and 5,329,820 shares at September 30, 2020 and December 31, 2019, respectively	(200,762)	(174,825)
Total stockholders' equity	<u>235,754</u>	<u>213,703</u>
Total liabilities and stockholders' equity	<u>\$ 397,466</u>	<u>\$ 402,419</u>

(1) Asset and liability amounts in parentheses represent the aggregated balances at September 30, 2020 and December 31, 2019 attributable to variable interest entities consolidated by the Company. Refer to Note 4 for further discussion.

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue:				
Investment advisory and administration fees	\$ 103,160	\$ 96,763	\$ 287,097	\$ 277,421
Distribution and service fees	7,572	7,681	22,285	22,072
Other	427	521	1,694	1,490
Total revenue	<u>111,159</u>	<u>104,965</u>	<u>311,076</u>	<u>300,983</u>
Expenses:				
Employee compensation and benefits	41,060	37,877	113,997	108,438
Distribution and service fees	14,642	14,142	41,264	40,866
General and administrative	11,006	11,713	45,320	34,690
Depreciation and amortization	1,144	1,100	3,524	3,317
Total expenses	<u>67,852</u>	<u>64,832</u>	<u>204,105</u>	<u>187,311</u>
Operating income (loss)	<u>43,307</u>	<u>40,133</u>	<u>106,971</u>	<u>113,672</u>
Non-operating income (loss):				
Interest and dividend income—net	694	1,713	2,736	5,174
Gain (loss) from investments—net	3,279	4,472	(11,431)	20,210
Foreign currency gain (loss)—net	(742)	432	36	679
Total non-operating income (loss)	<u>3,231</u>	<u>6,617</u>	<u>(8,659)</u>	<u>26,063</u>
Income before provision for income taxes	46,538	46,750	98,312	139,735
Provision for income taxes	12,532	10,352	24,076	30,711
Net income	<u>34,006</u>	<u>36,398</u>	<u>74,236</u>	<u>109,024</u>
Less: Net (income) loss attributable to redeemable noncontrolling interests	<u>(2,102)</u>	<u>(2,381)</u>	<u>6,760</u>	<u>(11,131)</u>
Net income attributable to common stockholders	<u>\$ 31,904</u>	<u>\$ 34,017</u>	<u>\$ 80,996</u>	<u>\$ 97,893</u>
Earnings per share attributable to common stockholders:				
Basic	\$ 0.67	\$ 0.72	\$ 1.70	\$ 2.07
Diluted	\$ 0.66	\$ 0.70	\$ 1.67	\$ 2.03
Dividends declared per share	\$ 0.39	\$ 0.36	\$ 1.17	\$ 1.08
Weighted average shares outstanding:				
Basic	47,855	47,316	47,778	47,256
Diluted	48,681	48,412	48,588	48,118

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	\$ 34,006	\$ 36,398	\$ 74,236	\$ 109,024
Less: Net (income) loss attributable to redeemable noncontrolling interests	(2,102)	(2,381)	6,760	(11,131)
Net income attributable to common stockholders	31,904	34,017	80,996	97,893
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	1,357	(1,900)	261	(1,800)
Total comprehensive income attributable to common stockholders	\$ 33,261	\$ 32,117	\$ 81,257	\$ 96,093

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS (Unaudited)
(in thousands, except per share data)

Three Months Ended September 30, 2020							
	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interests
July 1, 2020	\$ 535	\$652,579	\$(231,409)	\$ (7,422)	\$(200,740)	\$ 213,543	\$ 43,073
Dividends (\$0.39 per share)	—	—	(19,138)	—	—	(19,138)	—
Issuance of common stock	—	225	—	—	—	225	—
Repurchase of common stock	—	—	—	—	(22)	(22)	—
Issuance of restricted stock units—net	—	652	—	—	—	652	—
Amortization of restricted stock units	—	7,247	—	—	—	7,247	—
Forfeitures of restricted stock units	—	(14)	—	—	—	(14)	—
Net income	—	—	31,904	—	—	31,904	2,102
Other comprehensive income (loss), net of tax	—	—	—	1,357	—	1,357	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	245
September 30, 2020	<u>\$ 535</u>	<u>\$660,689</u>	<u>\$(218,643)</u>	<u>\$ (6,065)</u>	<u>\$(200,762)</u>	<u>\$ 235,754</u>	<u>\$ 45,420</u>
Three Months Ended September 30, 2019							
	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interests
July 1, 2019	\$ 526	\$617,726	\$(179,852)	\$ (7,223)	\$(174,802)	\$ 256,375	\$ 38,104
Dividends (\$0.36 per share)	—	—	(17,665)	—	—	(17,665)	—
Issuance of common stock	1	184	—	—	—	185	—
Repurchase of common stock	—	—	—	—	(23)	(23)	—
Issuance of restricted stock units—net	—	1,135	—	—	—	1,135	—
Amortization of restricted stock units	—	6,784	—	—	—	6,784	—
Forfeitures of restricted stock units	—	(7)	—	—	—	(7)	—
Net income	—	—	34,017	—	—	34,017	2,381
Other comprehensive income (loss), net of tax	—	—	—	(1,900)	—	(1,900)	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	19,805
Net consolidation (deconsolidation) of Company-sponsored funds	—	—	—	—	—	—	(7,181)
September 30, 2019	<u>\$ 527</u>	<u>\$625,822</u>	<u>\$(163,500)</u>	<u>\$ (9,123)</u>	<u>\$(174,825)</u>	<u>\$ 278,901</u>	<u>\$ 53,109</u>

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS (Unaudited)—(Continued)
(in thousands, except per share data)

Nine Months Ended September 30, 2020							
	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interests
January 1, 2020	\$ 527	\$636,788	\$(242,461)	\$ (6,326)	\$(174,825)	\$ 213,703	\$ 53,412
Dividends (\$1.17 per share)	—	—	(57,178)	—	—	(57,178)	—
Issuance of common stock	8	827	—	—	—	835	—
Repurchase of common stock	—	—	—	—	(25,937)	(25,937)	—
Issuance of restricted stock units—net	—	1,721	—	—	—	1,721	—
Amortization of restricted stock units	—	21,398	—	—	—	21,398	—
Forfeitures of restricted stock units	—	(45)	—	—	—	(45)	—
Net income	—	—	80,996	—	—	80,996	(6,760)
Other comprehensive income (loss), net of tax	—	—	—	261	—	261	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(1,232)
September 30, 2020	<u>\$ 535</u>	<u>\$660,689</u>	<u>\$(218,643)</u>	<u>\$ (6,065)</u>	<u>\$(200,762)</u>	<u>\$ 235,754</u>	<u>\$ 45,420</u>
Nine Months Ended September 30, 2019							
	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interests
January 1, 2019	\$ 518	\$602,272	\$(208,404)	\$ (7,323)	\$(164,417)	\$ 222,646	\$ 114,192
Dividends (\$1.08 per share)	—	—	(52,989)	—	—	(52,989)	—
Issuance of common stock	9	718	—	—	—	727	—
Repurchase of common stock	—	—	—	—	(10,408)	(10,408)	—
Issuance of restricted stock units—net	—	2,718	—	—	—	2,718	—
Amortization of restricted stock units	—	20,129	—	—	—	20,129	—
Forfeitures of restricted stock units	—	(15)	—	—	—	(15)	—
Net income	—	—	97,893	—	—	97,893	11,131
Other comprehensive income (loss), net of tax	—	—	—	(1,800)	—	(1,800)	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	3,171
Net consolidation (deconsolidation) of Company-sponsored funds	—	—	—	—	—	—	(75,385)
September 30, 2019	<u>\$ 527</u>	<u>\$625,822</u>	<u>\$(163,500)</u>	<u>\$ (9,123)</u>	<u>\$(174,825)</u>	<u>\$ 278,901</u>	<u>\$ 53,109</u>

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 74,236	\$ 109,024
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation expense—net	22,002	21,019
Amortization of deferred commissions	1,309	736
Depreciation and amortization	3,524	3,317
Amortization of right-of-use assets	4,791	7,655
Amortization (accretion) of premium (discount) on held-to-maturity investments	(194)	(408)
(Gain) loss from investments—net	11,431	(20,210)
Deferred income taxes	43	108
Foreign currency (gain) loss	(559)	(40)
Changes in operating assets and liabilities:		
Accounts receivable	(7,434)	(15,193)
Due from brokers	(700)	(945)
Deferred commissions	(1,075)	(1,067)
Investments within consolidated funds	545	(15,654)
Other assets	(1,194)	(3,525)
Accrued compensation	(11,490)	(6,299)
Distribution and service fees payable	(596)	10
Operating lease liabilities	(5,680)	(8,257)
Due to brokers	(73)	1,312
Income tax payable	1,246	1,491
Other liabilities and accrued expenses	(2,944)	704
Net cash provided by (used in) operating activities	<u>87,188</u>	<u>73,778</u>
Cash flows from investing activities:		
Purchases of investments	(58,679)	(47,742)
Proceeds from sales and maturities of investments	51,059	70,460
Purchases of property and equipment	(1,962)	(2,197)
Net cash provided by (used in) investing activities	<u>(9,582)</u>	<u>20,521</u>
Cash flows from financing activities:		
Issuance of common stock—net	710	619
Repurchase of common stock	(25,937)	(10,408)
Dividends to stockholders	(55,971)	(51,068)
Distributions to redeemable noncontrolling interests	(5,774)	(35,978)
Contributions from redeemable noncontrolling interests	4,542	39,149
Net cash provided by (used in) financing activities	<u>(82,430)</u>	<u>(57,686)</u>
Net increase (decrease) in cash and cash equivalents	(4,824)	36,613
Effect of foreign exchange rate changes on cash and cash equivalents	(223)	(1,018)
Cash and cash equivalents, beginning of the period	101,352	92,733
Cash and cash equivalents, end of the period	<u>\$ 96,305</u>	<u>\$ 128,328</u>

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(UNAUDITED)

Supplemental disclosures of cash flow information:

During the nine months ended September 30, 2020, the Company paid taxes of approximately \$25,425,000 and received tax refunds of approximately \$2,662,000. During the nine months ended September 30, 2019, the Company paid taxes of approximately \$29,446,000 and received tax refunds of approximately \$348,000.

Supplemental disclosures of non-cash investing and financing activities:

In connection with its stock incentive plan, the Company recorded restricted stock unit dividend equivalents, net of forfeitures, in the amount of approximately \$1,207,000 and \$1,921,000 for the nine months ended September 30, 2020 and 2019, respectively. These amounts are included in the issuance of restricted stock units and dividends in the condensed consolidated statements of changes in stockholders' equity.

Effective September 1, 2019, the Company's proportionate ownership interest in the Cohen & Steers Preferred Securities and Income SMA Shares, Inc. (PISH) decreased and the Company reclassified its ownership interest to equity method investments. Accordingly, the Company deconsolidated the assets and liabilities of PISH resulting in a non-cash reduction of approximately \$7,181,000 from investments and redeemable noncontrolling interests to remove amounts attributable to third-party investors in PISH.

Effective January 1, 2019, the Company's proportionate ownership interest in the Cohen & Steers SICAV Global Preferred Securities Fund (SICAV Preferred) decreased and the Company reclassified its ownership interest to equity investments at fair value. Accordingly, the Company deconsolidated the assets and liabilities of SICAV Preferred resulting in a non-cash reduction of approximately \$114,192,000 from investments and redeemable noncontrolling interests to remove amounts attributable to third-party investors in SICAV Preferred.

Effective January 1, 2019, the Company's proportionate ownership interest in the Cohen & Steers SICAV Global Real Estate Fund (SICAV GRE) increased. Accordingly, the Company consolidated the assets and liabilities and the results of operations of SICAV GRE, resulting in a non-cash increase of approximately \$45,988,000 to investments and redeemable noncontrolling interests to record amounts attributable to third-party investors in SICAV GRE from equity investments at fair value.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Description of Business

Cohen & Steers, Inc. (CNS) was organized as a Delaware corporation on March 17, 2004. CNS is the holding company for its direct and indirect subsidiaries, including Cohen & Steers Capital Management, Inc. (CSCM), Cohen & Steers Securities, LLC (CSS), Cohen & Steers Asia Limited (CSAL), Cohen & Steers UK Limited (CSUK), Cohen & Steers Japan Limited (CSJL) and Cohen & Steers Ireland Ltd. (CSIL) (collectively, the Company).

The Company is a global investment manager specializing in liquid real assets, including real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, the Company is headquartered in New York City, with offices in London, Dublin, Hong Kong and Tokyo.

2. Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The condensed consolidated financial statements set forth herein include the accounts of CNS and its direct and indirect subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements of the Company included herein are unaudited and have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the interim results have been made. The Company's condensed consolidated financial statements and the related notes should be read together with the consolidated financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Recently Adopted Accounting Pronouncements—In January 2017, the Financial Accounting Standards Board (FASB) issued guidance to simplify the goodwill impairment test by removing the requirement to perform a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This new guidance became effective on January 1, 2020. The Company's adoption of the new standard did not have a material effect on its condensed consolidated financial statements and related disclosures.

In June 2016, the FASB issued guidance on the measurement of credit losses on financial instruments. This standard amended guidance related to reporting credit losses for financial assets measured at amortized cost and replaced the incurred loss impairment model with a current expected credit loss (CECL) model. CECL requires a company to estimate lifetime expected credit losses based on relevant information about historical events, current conditions and reasonable and supportable forecasts. This new guidance became effective on January 1, 2020. The Company's adoption of the new standard did not have a material effect on its condensed consolidated financial statements and related disclosures.

Accounting Estimates—The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes the estimates used in preparing the condensed consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates due to factors we cannot fully predict including the extent of the impact to the Company's business from the ongoing COVID-19 pandemic. The extent to which the COVID-19 pandemic may continue to impact the Company's business, results of operations, financial condition or liquidity could affect the Company's accounting estimates and will depend on ongoing and future developments which are highly uncertain and cannot be predicted, including the duration and severity of the pandemic, the prospects for a sustained recovery in the financial markets and the length of time it will take for the Company's workforce to fully and safely return to the workplace.

Consolidation of Company-sponsored Funds—Investments in Company-sponsored funds and management fees are evaluated at inception and thereafter, if there is a reconsideration event, in order to determine whether to apply the Variable Interest Entity (VIE) model or the Voting Interest Entity (VOE) model. In performing this analysis, all of the Company's management fees are presumed to be commensurate and at market and are therefore not considered variable interests.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

A VIE is an entity in which either (i) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (ii) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has (i) the power to direct the activities of the VIE that most significantly affect its performance, and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. Investments and redemptions or amendments to the governing documents of the respective entities could affect an entity's status as a VIE or the determination of the primary beneficiary. The Company assesses whether it is the primary beneficiary of any VIEs identified by evaluating its economic interests in the entity held either directly by the Company and its affiliates or indirectly through employees. VIEs for which the Company is deemed to be the primary beneficiary are consolidated.

Investments in Company-sponsored funds that are determined to be VOEs are consolidated when the Company's ownership interest is greater than 50% of the outstanding voting interests of the fund or when the Company is the general partner of the fund and the limited partners do not have substantive kick-out or participating rights in the fund.

The Company records noncontrolling interests in consolidated Company-sponsored funds for which the Company's ownership is less than 100%.

Cash and Cash Equivalents—Cash and cash equivalents are on deposit with several highly rated financial institutions and include short-term, highly-liquid investments, which are readily convertible into cash and have original maturities of three months or less.

Due from/to Brokers—The Company, including the consolidated Company-sponsored funds, may transact with brokers for certain investment activities. The clearing and custody operations for these investment activities are performed pursuant to contractual agreements. The due from/to brokers balance represents cash and/or cash collateral balances at brokers/custodians and/or receivables and payables for unsettled securities transactions with brokers.

Investments—Management of the Company determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination no less than on a quarterly basis. At September 30, 2020, the Company's investments were comprised of the following:

- Equity investments at fair value, which generally represent equity securities held within the consolidated Company-sponsored funds, individual equity securities held directly for the purposes of establishing performance track records and seed investments in Company-sponsored open-end funds where the Company has neither control nor the ability to exercise significant influence.
- Trading investments, which generally represent debt securities held within the consolidated Company-sponsored funds and individual debt securities held directly for the purposes of establishing performance track records.
- Held-to-maturity investments, which generally represent corporate investments in U.S. Treasury securities recorded at amortized cost. Under the CECL model, any expected credit losses are recognized as an allowance, which represents an adjustment to the amortized costs basis. The Company did not record any provision for credit losses on these securities during the nine months ended September 30, 2020.
- Equity method investments, which generally represent seed investments in Company-sponsored funds in which the Company owns between 20-50% of the outstanding voting interests or when it is determined that the Company is able to exercise significant influence but not control over the investments. When using the equity method, the Company recognizes its respective share of net income or loss for the period which is recorded as gain (loss) from investments—net in the Company's condensed consolidated statements of operations.

Realized and unrealized gains and losses on equity investments at fair value, trading investments and equity method investments are recorded in gain (loss) from investments—net in the Company's condensed consolidated statements of operations.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

From time to time, the Company, including the consolidated Company-sponsored funds, may enter into derivative contracts, including options, futures and swaps contracts, to gain exposure to the underlying commodities markets or to economically hedge market risk of the underlying portfolios. Gains and losses on derivative contracts are recorded as gain (loss) from investments—net in the Company's condensed consolidated statements of operations. The fair values of these instruments are recorded in other assets or other liabilities and accrued expenses on the Company's condensed consolidated statements of financial condition.

Additionally, from time to time, the Company, including the consolidated Company-sponsored funds, may enter into forward foreign exchange contracts to economically hedge its currency exposure. These instruments are measured at fair value based on the prevailing forward exchange rate with gains and losses recorded in foreign currency gain (loss)—net in the Company's condensed consolidated statements of operations. The fair values of these contracts are recorded in other assets or other liabilities and accrued expenses on the Company's condensed consolidated statements of financial condition.

Leases—The Company determines if an arrangement is a lease at inception. The Company has operating leases for corporate offices and certain information technology equipment and these leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the Company's condensed consolidated statements of financial condition.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the net present value of lease payments over the lease term. The majority of the Company's lease agreements do not provide an implicit rate. As a result, the Company used an incremental borrowing rate based on the information available as of the lease commencement dates in determining the present value of lease payments. The operating lease ROU asset reflects any upfront lease payments made as well as lease incentives received. The lease terms may include options to extend or terminate the lease and these are factored into the determination of the ROU asset and lease liability at lease inception when and if it is reasonably certain that the Company will exercise that option. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term.

The Company has certain lease agreements with non-lease components such as maintenance and executory costs, which are accounted for separately and not included in ROU assets.

ROU assets are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of an asset may not be recoverable. Modification of a lease term would result in re-measurement of the lease liability and a corresponding adjustment to the ROU asset.

Goodwill and Intangible Assets—Goodwill represents the excess of the cost of the Company's investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition. Goodwill and indefinite-lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts.

Redeemable Noncontrolling Interests—Redeemable noncontrolling interests represent third-party interests in the consolidated Company-sponsored funds. These interests are redeemable at the option of the investors and therefore are not treated as permanent equity. Redeemable noncontrolling interest is recorded at fair value which approximates the redemption value at each reporting period.

Investment Advisory and Administration Fees—The Company earns revenue by providing asset management services to institutional accounts, Company-sponsored open-end and closed-end funds as well as model-based portfolios. Investment advisory fees are earned pursuant to the terms of investment management agreements and are generally based on a contractual fee rate applied to the average assets in the portfolio. The Company also earns administration fees from certain Company-sponsored open-end and closed-end funds pursuant to the terms of underlying administration contracts. Administration fees are based on the average assets under management of such funds. Investment advisory and administration fee revenue is recognized when earned and is recorded net of any fund reimbursements. The investment advisory and administration contracts each include a single performance obligation as the services provided are not separately identifiable and are accounted for as a series satisfied over time using a time-based method (days elapsed). Additionally, investment advisory and administration fees represent variable consideration, as fees are based on average assets under management which fluctuate daily.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

In certain instances, the Company may earn performance fees when specified performance hurdles are met during the performance period. Performance fees are forms of variable consideration and are not recognized until it becomes probable that there will not be a significant reversal of the cumulative revenue recognized.

Distribution and Service Fee Revenue—Distribution and service fee revenue is based on the average daily net assets of certain share classes of the Company's sponsored open-end funds distributed by CSS. Distribution and service fee revenue is earned daily and is generally recorded gross of any third-party distribution and service fee expense for applicable share classes.

Distribution fee agreements include a single performance obligation that is satisfied at a point in time when an investor purchases shares in a Company-sponsored open-end fund. Distribution fees represent variable consideration, as fees are based on average assets under management which fluctuate daily. For all periods presented, a portion of the distribution fee revenue recognized in the period may relate to performance obligations satisfied (or partially satisfied) in prior periods. Service fee agreements include a single performance obligation as the services provided are not separately identifiable and are accounted for as a series satisfied over time using a time-based method (days elapsed). Service fees represent variable consideration, as fees are based on average assets under management which fluctuate daily.

Distribution and Service Fee Expense—Distribution and service fee expense includes distribution fees, shareholder servicing fees and intermediary assistance payments. Distribution and service fee expense is recorded on an accrual basis.

Distribution fees represent payments made to qualified intermediaries for (i) assistance in connection with the distribution of the Company's sponsored open-end funds' shares and (ii) for other expenses such as advertising, printing and distribution of prospectuses to investors. Such amounts may also be used to pay financial intermediaries for services as specified in the terms of written agreements complying with Rule 12b-1 of the Investment Company Act of 1940. Distribution fees are based on the average daily net assets under management of certain share classes of certain of the funds.

Shareholder servicing fees represent payments made to qualified intermediaries for shareholder account service and maintenance. These services are provided pursuant to written agreements with such qualified institutions. Shareholder servicing fees are generally based on the average assets under management.

Intermediary assistance payments represent payments to qualified intermediaries for activities related to distribution, shareholder servicing and marketing and support of the Company's sponsored open-end funds and are incremental to those described above. Intermediary assistance payments are generally based on the average assets under management.

Stock-based Compensation—The Company recognizes compensation expense for the grant-date fair value of awards of equity instruments to certain employees. This expense is recognized over the period during which employees are required to provide service. Forfeitures are recorded as incurred.

Income Taxes—The Company records the current and deferred tax consequences of all transactions that have been recognized in the condensed consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years at tax rates that are expected to apply in those years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years at tax rates that are expected to apply in those years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized. The effective tax rate for interim periods is based on the Company's best estimate of the effective tax rate expected to be applied to the full fiscal year adjusted for discrete items during the period.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. A tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, on the basis of the technical merits. The Company records potential interest and penalties related to uncertain tax positions in the provision for income taxes in the condensed consolidated statements of operations.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

Currency Translation and Transactions—Assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the applicable condensed consolidated statement of financial condition date. Revenue and expenses of such subsidiaries are translated at average exchange rates during the period. The gains or losses resulting from translating non-U.S. dollar functional currency into U.S. dollars are included in the Company's condensed consolidated statements of comprehensive income. The cumulative translation adjustment was (\$6,065,000) and (\$6,326,000) at September 30, 2020 and December 31, 2019, respectively. Gains or losses resulting from transactions denominated in currencies other than the U.S. dollar within certain foreign subsidiaries are included in non-operating income (loss) in the condensed consolidated statements of operations. Gains and losses arising on revaluation of U.S. dollar-denominated assets and liabilities held by foreign subsidiaries are also included in non-operating income (loss) in the Company's condensed consolidated statements of operations.

Comprehensive Income—The Company reports all changes in comprehensive income in the condensed consolidated statements of comprehensive income. Comprehensive income generally includes net income or loss attributable to common stockholders and amounts attributable to foreign currency translation gain (loss), net of tax.

Recently Issued Accounting Pronouncements—In December 2019, the FASB issued guidance to simplify the accounting for income taxes. The guidance eliminates certain exceptions related to the rate approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. This new guidance will be effective on January 1, 2021. The Company does not expect the adoption of the new standard to have a material effect on its condensed consolidated financial statements and related disclosures.

3. Revenue

The following tables summarize revenue recognized from contracts with customers by client domicile and by investment vehicle:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Client domicile:				
North America	\$ 91,298	\$ 90,674	\$ 263,712	\$ 258,384
Japan	8,011	8,552	23,913	25,170
Asia Pacific excluding Japan	3,013	3,387	8,621	9,093
Europe, Middle East and Africa	8,837	2,352	14,830	8,336
Total	<u>\$ 111,159</u>	<u>\$ 104,965</u>	<u>\$ 311,076</u>	<u>\$ 300,983</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Investment vehicle:				
Open-end funds ⁽¹⁾	\$ 59,176	\$ 56,220	\$ 168,333	\$ 158,680
Closed-end funds	18,676	20,714	55,810	59,768
Institutional accounts	32,880	27,510	85,239	81,045
Other	427	521	1,694	1,490
Total	<u>\$ 111,159</u>	<u>\$ 104,965</u>	<u>\$ 311,076</u>	<u>\$ 300,983</u>

(1) Included distribution and service fees of \$7.6 million and \$7.7 million for the three months ended September 30, 2020 and 2019, respectively, and \$22.3 million and \$22.1 million for the nine months ended September 30, 2020 and 2019, respectively.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

4. Investments

The following table summarizes the Company's investments:

<i>(in thousands)</i>	September 30, 2020	December 31, 2019
Equity investments at fair value	\$ 83,492	\$ 89,872
Trading	17,406	14,980
Held-to-maturity carried at amortized cost ⁽¹⁾	49,976	49,807
Equity method	491	554
Total investments	<u>\$ 151,365</u>	<u>\$ 155,213</u>

(1) Held-to-maturity investments had a fair value of approximately \$50.1 million and \$50.0 million at September 30, 2020 and December 31, 2019, respectively. These securities would be classified as level 2 within the fair value hierarchy if carried at fair value. Original maturities ranged from 3 to 24 months at September 30, 2020 and December 31, 2019.

The Company seeded one new fund during the nine months ended September 30, 2020 and two new funds during the nine months ended September 30, 2019.

The following table summarizes gain (loss)—net from investments:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net realized gains (losses) during the period	\$ (177)	\$ 1,359	\$ (5,598)	\$ 5,118
Net unrealized gains (losses) during the period on investments still held at the end of the period	3,456	3,113	(5,833)	15,092
Gain (loss) from investments—net ⁽¹⁾	<u>\$ 3,279</u>	<u>\$ 4,472</u>	<u>\$ (11,431)</u>	<u>\$ 20,210</u>

(1) Included net income (loss) attributable to redeemable noncontrolling interests.

At September 30, 2020 and December 31, 2019, the Company's consolidated VIEs included the Cohen & Steers SICAV Global Listed Infrastructure Fund (GLI SICAV), the Cohen & Steers Co-Investment Partnership, L.P. (GRP-CIP), SICAV GRE and the Cohen & Steers SICAV Diversified Real Assets Fund (SICAV RAP).

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

The following tables summarize the condensed consolidated statements of financial condition attributable to the Company's consolidated VIEs:

	September 30, 2020				
<i>(in thousands)</i>	GLI SICAV	GRP-CIP	SICAV GRE	SICAV RAP	Total
Assets ⁽¹⁾					
Investments	\$ 6,585	\$ 277	\$ 34,924	\$ 30,155	\$ 71,941
Due from brokers	3	64	71	25	163
Other assets	109	—	806	332	1,247
Total assets	<u>\$ 6,697</u>	<u>\$ 341</u>	<u>\$ 35,801</u>	<u>\$ 30,512</u>	<u>\$ 73,351</u>
Liabilities ⁽¹⁾					
Due to brokers	\$ —	\$ —	\$ 35	\$ 41	\$ 76
Other liabilities and accrued expenses	42	5	207	74	328
Total liabilities	<u>\$ 42</u>	<u>\$ 5</u>	<u>\$ 242</u>	<u>\$ 115</u>	<u>\$ 404</u>

	December 31, 2019				
<i>(in thousands)</i>	GLI SICAV	GRP-CIP	SICAV GRE	SICAV RAP	Total
Assets ⁽¹⁾					
Investments	\$ 7,048	\$ 337	\$ 45,468	\$ 29,976	\$ 82,829
Due from brokers	264	203	663	613	1,743
Other assets	92	—	681	268	1,041
Total assets	<u>\$ 7,404</u>	<u>\$ 540</u>	<u>\$ 46,812</u>	<u>\$ 30,857</u>	<u>\$ 85,613</u>
Liabilities ⁽¹⁾					
Due to brokers	\$ 45	\$ —	\$ 92	\$ 229	\$ 366
Other liabilities and accrued expenses	100	5	466	213	784
Total liabilities	<u>\$ 145</u>	<u>\$ 5</u>	<u>\$ 558</u>	<u>\$ 442</u>	<u>\$ 1,150</u>

(1) The assets may only be used to settle obligations of each VIE and the liabilities are the sole obligation of each VIE, for which creditors do not have recourse to the general credit of the Company.

5. Fair Value

Accounting Standards Codification Topic 820, *Fair Value Measurement* (ASC 820) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

- Level 1—Unadjusted quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3—Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Company defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

The following tables present fair value measurements:

	September 30, 2020					
	Level 1	Level 2	Level 3	Investments Measured at NAV as FV	Investments Carried at Amortized Cost	Total
<i>(in thousands)</i>						
Cash equivalents	\$ 82,751	\$ —	\$ —	\$ —	\$ —	\$ 82,751
Equity investments at fair value						
Common stocks	\$ 81,505	\$ —	\$ —	\$ —	\$ —	\$ 81,505
Company-sponsored funds	133	—	—	—	—	133
Limited partnership interests	619	—	—	277	—	896
Preferred securities	829	12	—	—	—	841
Other	—	—	—	117	—	117
Total	\$ 83,086	\$ 12	\$ —	\$ 394	\$ —	\$ 83,492
Trading investments						
Fixed income	\$ —	\$ 17,406	\$ —	\$ —	\$ —	\$ 17,406
Held-to-maturity investments	\$ —	\$ —	\$ —	\$ —	\$ 49,976	\$ 49,976
Equity method investments	\$ —	\$ —	\$ —	\$ 491	\$ —	\$ 491
Total investments	\$ 83,086	\$ 17,418	\$ —	\$ 885	\$ 49,976	\$ 151,365
Derivatives - assets						
Futures - commodities	\$ 663	\$ —	\$ —	\$ —	\$ —	\$ 663
Total return swaps - commodities	—	37	—	—	—	37
Forward contracts - foreign exchange	—	9	—	—	—	9
Total	\$ 663	\$ 46	\$ —	\$ —	\$ —	\$ 709
Derivatives - liabilities						
Futures - commodities	\$ 283	\$ —	\$ —	\$ —	\$ —	\$ 283
Total return swaps - equities	—	45	—	—	—	45
Forward contracts - foreign exchange	—	288	—	—	—	288
Total	\$ 283	\$ 333	\$ —	\$ —	\$ —	\$ 616

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

	December 31, 2019					
<i>(in thousands)</i>	Level 1	Level 2	Level 3	Investments Measured at NAV as FV	Investments Carried at Amortized Cost	Total
Cash equivalents	\$ 85,889	\$ —	\$ —	\$ —	\$ —	\$ 85,889
Equity investments at fair value						
Common stocks	\$ 87,408	\$ —	\$ —	\$ —	\$ —	\$ 87,408
Company-sponsored funds	132	—	—	—	—	132
Limited partnership interests	1,048	—	—	337	—	1,385
Preferred securities	704	108	—	—	—	812
Other	—	—	—	135	—	135
Total	\$ 89,292	\$ 108	\$ —	\$ 472	\$ —	\$ 89,872
Trading investments						
Fixed income	\$ —	\$ 14,980	\$ —	\$ —	\$ —	\$ 14,980
Held-to-maturity investments	\$ —	\$ —	\$ —	\$ —	\$ 49,807	\$ 49,807
Equity method investments	\$ —	\$ —	\$ —	\$ 554	\$ —	\$ 554
Total investments	\$ 89,292	\$ 15,088	\$ —	\$ 1,026	\$ 49,807	\$ 155,213
Derivatives - assets						
Futures - commodities	\$ 570	\$ —	\$ —	\$ —	\$ —	\$ 570
Forward contracts - foreign exchange	—	74	—	—	—	74
Total	\$ 570	\$ 74	\$ —	\$ —	\$ —	\$ 644
Derivatives - liabilities						
Futures - commodities	\$ 339	\$ —	\$ —	\$ —	\$ —	\$ 339
Total return swaps - commodities	—	173	—	—	—	173
Forward contracts - foreign exchange	—	44	—	—	—	44
Total	\$ 339	\$ 217	\$ —	\$ —	\$ —	\$ 556

Cash equivalents were comprised of investments in actively traded U.S. Treasury money market funds measured at NAV.

Equity investments at fair value classified as level 2 were comprised of certain preferred securities with predominately equity-like characteristics whose fair values are generally determined using third-party pricing services. The pricing services may utilize pricing models, and inputs into those models may include reported trades, executable bid and ask prices, broker-dealer quotations, prices or yields of similar securities, benchmark curves and other market information. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security.

Trading investments classified as level 2 were comprised of U.S. Treasury securities and corporate debt securities. The fair value amounts were generally determined using third-party pricing services. The pricing services may utilize evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

Investments measured at NAV were comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments were comprised of:

- Equity investments at fair value - included limited partner interests in limited partnership vehicles that invest in non-registered real estate funds and the Company's co-investment in a Cayman trust invested in global listed infrastructure securities (which is included in "Other" in the leveling table), both of which are valued based on the NAVs of the underlying investments. At September 30, 2020 and December 31, 2019, the Company did not have the ability to redeem the interests in the limited partnership vehicles; there were no contractual restrictions on the Company's ability to redeem its interest in the Cayman trust.
- Equity method investments - included the Company's partnership interests in the Cohen & Steers Global Realty Partners III-TE, L.P. (GRP-TE) and the Cohen & Steers Global Realty Focus Fund (GRF), a series of Cohen & Steers Series LP. GRP-TE invests in non-registered real estate funds. The Company's ownership interest was approximately 0.2% and the Company did not have the ability to redeem the investment at either September 30, 2020 or December 31, 2019. GRF invests in global real estate investment trusts and other publicly traded real estate companies. The Company's ownership interest was approximately 0.7% and the Company had the ability to redeem the investment in GRF with 15 days' notice. The Company's risk with respect to both investments is limited to its equity ownership interest and any uncollected management fees.

Held-to-maturity investments were comprised of U.S. Treasury securities, which were directly issued by the U.S. government, with original maturities of 3 to 24 months at September 30, 2020 and December 31, 2019. These securities were purchased with the intent to hold to maturity and are recorded at amortized cost.

Investments measured at NAV and held-to-maturity investments have not been classified in the fair value hierarchy. The amounts presented in the above tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the condensed consolidated statements of financial condition.

Swap contracts classified as level 2 were valued based on the underlying futures contracts or equity indices.

Foreign currency exchange contracts classified as level 2 were valued based on the prevailing forward exchange rate.

Valuation Techniques

In certain instances, debt, equity and preferred securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable broker-dealers or independent pricing services. In determining the value of a particular investment, independent pricing services may use information with respect to transactions in such investments, broker quotes, pricing matrices, market transactions in comparable investments and various relationships between investments. As part of its independent price verification process, the Company generally performs reviews of valuations provided by broker-dealers or independent pricing services. Investments in Company-sponsored funds are valued at their closing price or NAV (or its equivalent) as a practical expedient.

Foreign exchange contracts are valued based on the prevailing forward exchange rate, which is an input that is observable in active markets.

In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For some investments, little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involve a significant degree of judgment, taking into consideration a combination of internal and external factors. Such investments, which are generally immaterial, are valued on a quarterly basis, taking into consideration any changes in key inputs and changes in economic and other relevant conditions, and valuation models are updated accordingly. The valuation process also includes a review by the Company's valuation committee which is comprised of senior members from various departments within the Company, including investment management. The valuation committee provides independent oversight of the valuation policies and procedures.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

6. Derivatives

The following tables summarize the notional amounts and fair value of the outstanding derivative financial instruments none of which are designated in a formal hedging relationship:

<i>(in thousands)</i>	As of September 30, 2020			
	Notional Amount		Fair Value ⁽¹⁾	
	Long	Short	Assets	Liabilities
Futures - commodities	\$ 12,675	\$ 3,769	\$ 663	\$ 283
Total return swaps - commodities	—	8,578	37	—
Total return swaps - equities	—	17,264	—	45
Forward contracts - foreign exchange	—	16,842	9	288
	<u>\$ 12,675</u>	<u>\$ 46,453</u>	<u>\$ 709</u>	<u>\$ 616</u>

<i>(in thousands)</i>	As of December 31, 2019			
	Notional Amount		Fair Value ⁽¹⁾	
	Long	Short	Assets	Liabilities
Futures - commodities	\$ 14,394	\$ 4,623	\$ 570	\$ 339
Total return swaps - commodities	—	8,909	—	173
Forward contracts - foreign exchange	—	10,787	74	44
	<u>\$ 14,394</u>	<u>\$ 24,319</u>	<u>\$ 644</u>	<u>\$ 556</u>

(1) The fair value of derivative financial instruments is recorded in other assets and other liabilities and accrued expenses on the Company's condensed consolidated statements of financial condition.

Commodity swap contracts are utilized as economic hedges to reduce the overall risk of the Company's market exposure to seed investments in commodity futures. Equity swap contracts are utilized to economically hedge a portion of the market risk of certain seed investments, including certain investments held within consolidated Company-sponsored funds. The Company enters into foreign exchange contracts to sell currency to economically hedge exposure arising from certain non-U.S. dollar investment advisory fees.

Cash included in due from brokers of approximately \$2,180,000 on the condensed consolidated statement of financial condition at September 30, 2020 was held as collateral for swap contracts. Investments of approximately \$1,546,000 and \$1,713,000 on the condensed consolidated statements of financial condition at September 30, 2020 and December 31, 2019, respectively, were held as collateral for futures and swap contracts.

The following table summarizes net gains (losses) from derivative financial instruments:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Futures - commodities	\$ 740	\$ (236)	\$ (949)	\$ 505
Total return swaps - commodities	(708)	211	1,052	(135)
Total return swaps - equities	(45)	—	(45)	—
Forward contracts - foreign exchange	(242)	198	(309)	162
Total ⁽¹⁾	<u>\$ (255)</u>	<u>\$ 173</u>	<u>\$ (251)</u>	<u>\$ 532</u>

(1) Gains and losses on derivative financial instruments are recorded as gain (loss) from investments—net in the Company's condensed consolidated statements of operations.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

7. Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to common stockholders by the weighted average shares outstanding. Diluted earnings per share is calculated by dividing net income attributable to common stockholders by the total weighted average shares of common stock outstanding and common stock equivalents determined using the treasury stock method. Common stock equivalents are comprised of dilutive potential shares from restricted stock unit awards and are excluded from the computation if their effect is anti-dilutive.

The following table reconciles income and share data used in the basic and diluted earnings per share computations:

<i>(in thousands, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	\$ 34,006	\$ 36,398	\$ 74,236	\$ 109,024
Less: Net (income) loss attributable to redeemable noncontrolling interests	(2,102)	(2,381)	6,760	(11,131)
Net income attributable to common stockholders	\$ 31,904	\$ 34,017	\$ 80,996	\$ 97,893
Basic weighted average shares outstanding	47,855	47,316	47,778	47,256
Dilutive potential shares from restricted stock units	826	1,096	810	862
Diluted weighted average shares outstanding	48,681	48,412	48,588	48,118
Basic earnings per share attributable to common stockholders	\$ 0.67	\$ 0.72	\$ 1.70	\$ 2.07
Diluted earnings per share attributable to common stockholders	\$ 0.66	\$ 0.70	\$ 1.67	\$ 2.03
Anti-dilutive common stock equivalents excluded from the calculation	16	—	—	—

8. Income Taxes

The provision for income taxes includes U.S. federal, state, local and foreign taxes. The effective tax rate for the three months ended September 30, 2020 was approximately 28.2%, compared with approximately 23.3% for the three months ended September 30, 2019. The effective tax rate for the three months ended September 30, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes as well as the effect of certain permanent differences, the most significant of which related to limitations on the deductibility of executive compensation. The effective tax rate for the three months ended September 30, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the release of a portion of the valuation allowance associated with unrealized gains on the Company's seed investments.

The effective tax rate for the nine months ended September 30, 2020 was approximately 22.9%, compared with approximately 23.9% for the nine months ended September 30, 2019. The effective tax rate for the nine months ended September 30, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes as well as the effect of certain permanent differences, the most significant of which related to limitations on the deductibility of executive compensation. These were partially offset by discrete tax items, primarily related to the appreciated value of the restricted stock units delivered in January 2020. The effective tax rate for the nine months ended September 30, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the release of a portion of the valuation allowance associated with unrealized gains on the Company's seed investments and a discrete item related to the appreciated value of the restricted stock units delivered in January 2019.

Deferred income taxes represent the tax effects of the temporary differences between book and tax bases and are measured using enacted tax rates that will be in effect when such items are expected to reverse. The Company's net deferred tax asset was primarily comprised of future income tax deductions attributable to the delivery of unvested restricted stock units. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

9. Regulatory Requirements

CSS, a registered broker-dealer in the U.S., is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the Rule), which requires that broker-dealers maintain a minimum level of net capital, as prescribed by the Rule. At September 30, 2020, CSS had net capital of approximately \$2.8 million, which exceeded its requirement by approximately \$2.6 million. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital of a broker-dealer is less than the amount required under the Rule and requires prior notice to the SEC for certain withdrawals of capital. CSS does not carry customer accounts and is exempt from SEC Rule 15c3-3 pursuant to provisions (k)(1) and (k)(2)(i) of such rule.

CSAL is subject to regulation by the Hong Kong Securities and Futures Commission. At September 30, 2020, CSAL had regulatory capital of approximately \$3.5 million, which exceeded its minimum regulatory capital requirement by approximately \$3.1 million. During the nine months ended September 30, 2020, CSAL paid dividends in the amount of approximately \$12.9 million to its parent, CSCM.

CSUK is subject to regulation by the United Kingdom Financial Conduct Authority. At September 30, 2020, CSUK had regulatory capital of approximately \$27.4 million, which exceeded its minimum regulatory capital requirement by approximately \$22.7 million. During the nine months ended September 30, 2020, CSUK paid a dividend in the amount of approximately \$14.8 million to its parent, CNS.

10. Related Party Transactions

The Company is an investment adviser to, and has administration agreements with, Company-sponsored funds for which certain employees are officers and/or directors.

The following table summarizes the amount of revenue the Company earned from these Company-sponsored funds:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Investment advisory and administration fees ⁽¹⁾	\$ 69,124	\$ 68,224	\$ 198,501	\$ 193,329
Distribution and service fees	7,572	7,681	22,285	22,072
Total	\$ 76,696	\$ 75,905	\$ 220,786	\$ 215,401

(1) Investment advisory and administration fees are reflected net of fund reimbursements of \$3.3 million and \$3.2 million for the three months ended September 30, 2020 and 2019, respectively, and \$9.4 million and \$7.9 million for the nine months ended September 30, 2020 and 2019, respectively.

The following table summarizes sales proceeds, gross realized gains, gross realized losses and dividend income from investments in Company-sponsored funds that are not consolidated:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Proceeds from sales	\$ —	\$ —	\$ 7	\$ 26,506
Gross realized gains	—	—	—	32
Gross realized losses	—	—	—	(907)
Dividend income	1	1	3	31

Included in accounts receivable at September 30, 2020 and December 31, 2019 are receivables due from Company-sponsored funds of approximately \$25,670,000 and \$26,701,000, respectively. Included in accounts payable at September 30, 2020 and December 31, 2019 are payables due to Company-sponsored funds of approximately \$447,000 and \$474,000, respectively.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)(UNAUDITED)

11. Commitments and Contingencies

From time to time, the Company is involved in legal matters relating to claims arising in the ordinary course of business. There are currently no such matters pending that the Company believes could have a material adverse effect on its condensed consolidated results of operations, cash flows or financial position.

The Company periodically commits to fund a portion of the equity in certain of its sponsored investment products. The Company has committed to co-invest up to \$5.1 million alongside GRP-TE, a portion of which is made through GRP-TE and the remainder of which is made through GRP-CIP for up to 12 years through the life of GRP-TE. As of September 30, 2020, the Company had funded approximately \$3.8 million with respect to this commitment. The actual timing for funding the unfunded portion of this commitment is currently unknown, as the drawdown of the Company's unfunded commitment is contingent on the timing of drawdowns by the underlying funds in which GRP-TE and GRP-CIP invest. The unfunded commitment is not recorded on the Company's condensed consolidated statements of financial condition.

12. Concentration of Credit Risk

The Company's cash and cash equivalents are principally on deposit with several highly rated financial institutions. The Company is subject to credit risk should these financial institutions be unable to fulfill their obligations.

13. Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the condensed consolidated financial statements were issued. Other than the items described below, the Company determined that there were no additional subsequent events that require disclosure and/or adjustment.

On November 5, 2020, the Company declared quarterly and special cash dividends on its common stock in the amount of \$0.39 and \$1.00 per share, respectively. The dividends will be payable on December 1, 2020 to stockholders of record at the close of business on November 16, 2020.

On October 27, 2020, the initial offering period of the Company's latest closed-end fund, the Cohen & Steers Tax-Advantaged Preferred Securities and Income Fund, concluded. In connection with the offering, the Company raised approximately \$1.3 billion in proceeds, excluding leverage. In addition, the underwriters have an option to purchase, within 45 days, up to an additional 7.5 million shares at the public offering price of \$25.00 per share. To date, the Company has incurred approximately \$57.0 million in costs related to the offering.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Set forth on the following pages is management's discussion and analysis of our financial condition and results of operations for the three and nine months ended September 30, 2020 and 2019. Such information should be read in conjunction with our condensed consolidated financial statements and the related notes included herein. The condensed consolidated financial statements of the Company are unaudited. When we use the terms "Cohen & Steers," the "Company," "we," "us," and "our," we mean Cohen & Steers, Inc., a Delaware corporation, and its consolidated subsidiaries.

Executive Overview

General

We are a global investment manager specializing in liquid real assets, including real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, we are headquartered in New York City, with offices in London, Dublin, Hong Kong and Tokyo.

Our primary investment strategies include U.S. real estate securities, global/international real estate securities, global listed infrastructure, midstream energy and MLPs, real assets multi-strategy, preferred securities, low duration preferred securities and global natural resource equities. Our strategies seek to achieve a variety of investment objectives for different risk profiles and are actively managed by specialist teams of investment professionals who employ fundamental-driven research and portfolio management processes. We offer our strategies through a variety of investment vehicles, including U.S. and non-U.S. registered funds and other commingled vehicles, separate accounts, and subadvised portfolios.

Our distribution network encompasses two major channels, wealth and institutional. Our wealth channel includes registered investment advisers, wirehouses, independent and regional broker dealers, and bank trusts. Our institutional channel includes sovereign wealth funds, corporate plans, insurance companies, and public funds, including defined benefit and defined contribution plans, as well as other financial institutions that access our investment management services directly, or through consultants and other intermediaries.

Our revenue is derived from fees received from our clients, including fees for managing or subadvising client accounts as well as investment advisory, administration, distribution and service fees received from Company-sponsored open-end and closed-end funds. Our fees are based on contractually specified rates applied to the value of the assets we manage and, in certain cases, investment performance. Our revenue fluctuates with changes in the total value of our assets under management, which may occur as a result of market appreciation and depreciation, contributions or withdrawals from investor accounts and distributions. This revenue is recognized over the period that the assets are managed.

COVID-19

The recent resurgence of the coronavirus (COVID-19) in various parts of the globe has led to the re-implementation of government restrictions to prevent further spread of the virus. These restrictions include varying degrees of temporary closure of businesses deemed "non-essential", travel bans and restrictions, social distancing and quarantines.

A return to more ordinary course economic activity is dependent on the duration and severity of the COVID-19 pandemic, which are in turn dependent on a series of evolving factors, including the severity and transmission rate of the virus, the extent and effectiveness of containment efforts, and policy decisions made by governments across the globe as they react to evolving local and global conditions, and the potential for developments in vaccines and therapeutics. There are no comparable recent events that can provide guidance as to the effect of the COVID-19 pandemic, and, as a result, the ultimate impact of the coronavirus outbreak or a similar health epidemic is highly uncertain.

We are continuously managing and evaluating its strategy and response to the COVID-19 pandemic. During the first quarter of 2020, we activated our Business Continuity Plan and the majority of our employees continue to work from home. Ongoing business operations, including investment, trading, operational and client service capabilities have not been materially impacted as a result of the ongoing COVID-19 pandemic; however, there is no assurance that they will not be impacted in future periods. We have also altered our travel policy, suspending all domestic and international air travel, and are leveraging our IT infrastructure to conduct virtual meetings with both internal and external parties. We remain focused on managing our clients' portfolios while maintaining the safety of our employees, families and communities.

The full scope and duration of the social, market and economic fallout from the COVID-19 pandemic is impossible to predict, and conditions emanating from the outbreak could worsen from those already experienced, including the possibility of a steep and prolonged economic downturn or global recession. Please refer to Part II - Item 1A Risk Factors below for additional information regarding the effect on our business COVID-19 has had and may continue to have.

Assets Under Management

By Investment Vehicle

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Institutional Accounts				
Assets under management, beginning of period	\$ 28,867	\$ 29,602	\$ 31,813	\$ 27,148
Inflows	1,936	1,158	6,103	2,962
Outflows	(1,337)	(646)	(3,321)	(4,007)
Net inflows (outflows)	599	512	2,782	(1,045)
Market appreciation (depreciation)	1,273	1,723	(3,206)	6,423
Distributions	(359)	(304)	(1,009)	(998)
Transfers	—	—	—	5
Total increase (decrease)	1,513	1,931	(1,433)	4,385
Assets under management, end of period	\$ 30,380	\$ 31,533	\$ 30,380	\$ 31,533
Percentage of total assets under management	43.1 %	44.5 %	43.1 %	44.5 %
Average assets under management	\$ 30,325	\$ 30,515	\$ 29,159	\$ 29,975
Open-end Funds				
Assets under management, beginning of period	\$ 28,921	\$ 27,563	\$ 30,725	\$ 22,295
Inflows	4,020	2,794	13,560	8,896
Outflows	(2,398)	(2,178)	(9,832)	(5,707)
Net inflows (outflows)	1,622	616	3,728	3,189
Market appreciation (depreciation)	1,100	1,632	(2,006)	5,349
Distributions	(239)	(213)	(1,043)	(1,230)
Transfers	—	—	—	(5)
Total increase (decrease)	2,483	2,035	679	7,303
Assets under management, end of period	\$ 31,404	\$ 29,598	\$ 31,404	\$ 29,598
Percentage of total assets under management	44.5 %	41.8 %	44.5 %	41.8 %
Average assets under management	\$ 30,694	\$ 28,548	\$ 29,137	\$ 26,767
Closed-end Funds				
Assets under management, beginning of period	\$ 8,539	\$ 9,436	\$ 9,644	\$ 8,410
Inflows	50	2	454	2
Outflows	(1)	—	(89)	—
Net inflows (outflows)	49	2	365	2
Market appreciation (depreciation)	257	396	(908)	1,676
Distributions	(126)	(127)	(382)	(381)
Total increase (decrease)	180	271	(925)	1,297
Assets under management, end of period	\$ 8,719	\$ 9,707	\$ 8,719	\$ 9,707
Percentage of total assets under management	12.4 %	13.7 %	12.4 %	13.7 %
Average assets under management	\$ 8,777	\$ 9,580	\$ 8,795	\$ 9,301
Total				
Assets under management, beginning of period	\$ 66,327	\$ 66,601	\$ 72,182	\$ 57,853
Inflows	6,006	3,954	20,117	11,860
Outflows	(3,736)	(2,824)	(13,242)	(9,714)
Net inflows (outflows)	2,270	1,130	6,875	2,146
Market appreciation (depreciation)	2,630	3,751	(6,120)	13,448
Distributions	(724)	(644)	(2,434)	(2,609)
Total increase (decrease)	4,176	4,237	(1,679)	12,985
Assets under management, end of period	\$ 70,503	\$ 70,838	\$ 70,503	\$ 70,838
Average assets under management	\$ 69,796	\$ 68,643	\$ 67,091	\$ 66,043

Assets Under Management - Institutional Accounts

By Account Type

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Advisory				
Assets under management, beginning of period	\$ 15,251	\$ 14,099	\$ 15,669	\$ 12,065
Inflows	1,142	567	3,679	1,580
Outflows	(1,036)	(126)	(2,025)	(1,104)
Net inflows (outflows)	106	441	1,654	476
Market appreciation (depreciation)	736	703	(1,230)	2,697
Transfers	—	—	—	5
Total increase (decrease)	842	1,144	424	3,178
Assets under management, end of period	\$ 16,093	\$ 15,243	\$ 16,093	\$ 15,243
Percentage of institutional assets under management	53.0 %	48.3 %	53.0 %	48.3 %
Average assets under management	\$ 16,209	\$ 14,666	\$ 15,141	\$ 13,896
Japan Subadvisory				
Assets under management, beginning of period	\$ 8,736	\$ 9,846	\$ 10,323	\$ 9,288
Inflows	390	289	1,366	388
Outflows	(96)	(280)	(474)	(863)
Net inflows (outflows)	294	9	892	(475)
Market appreciation (depreciation)	345	754	(1,190)	2,490
Distributions	(359)	(304)	(1,009)	(998)
Total increase (decrease)	280	459	(1,307)	1,017
Assets under management, end of period	\$ 9,016	\$ 10,305	\$ 9,016	\$ 10,305
Percentage of institutional assets under management	29.7 %	32.7 %	29.7 %	32.7 %
Average assets under management	\$ 8,968	\$ 10,009	\$ 8,897	\$ 9,893
Subadvisory Excluding Japan				
Assets under management, beginning of period	\$ 4,880	\$ 5,657	\$ 5,821	\$ 5,795
Inflows	404	302	1,058	994
Outflows	(205)	(240)	(822)	(2,040)
Net inflows (outflows)	199	62	236	(1,046)
Market appreciation (depreciation)	192	266	(786)	1,236
Total increase (decrease)	391	328	(550)	190
Assets under management, end of period	\$ 5,271	\$ 5,985	\$ 5,271	\$ 5,985
Percentage of institutional assets under management	17.4 %	19.0 %	17.4 %	19.0 %
Average assets under management	\$ 5,148	\$ 5,840	\$ 5,121	\$ 6,186
Total Institutional Accounts				
Assets under management, beginning of period	\$ 28,867	\$ 29,602	\$ 31,813	\$ 27,148
Inflows	1,936	1,158	6,103	2,962
Outflows	(1,337)	(646)	(3,321)	(4,007)
Net inflows (outflows)	599	512	2,782	(1,045)
Market appreciation (depreciation)	1,273	1,723	(3,206)	6,423
Distributions	(359)	(304)	(1,009)	(998)
Transfers	—	—	—	5
Total increase (decrease)	1,513	1,931	(1,433)	4,385
Assets under management, end of period	\$ 30,380	\$ 31,533	\$ 30,380	\$ 31,533
Average assets under management	\$ 30,325	\$ 30,515	\$ 29,159	\$ 29,975

Assets Under Management

By Investment Strategy

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
U.S. Real Estate				
Assets under management, beginning of period	\$ 28,119	\$ 28,841	\$ 31,024	\$ 24,627
Inflows	2,827	1,638	8,910	4,893
Outflows	(1,733)	(1,519)	(5,186)	(4,008)
Net inflows (outflows)	1,094	119	3,724	885
Market appreciation (depreciation)	882	2,436	(3,460)	7,335
Distributions	(485)	(413)	(1,709)	(1,885)
Transfers	—	(19)	31	2
Total increase (decrease)	1,491	2,123	(1,414)	6,337
Assets under management, end of period	\$ 29,610	\$ 30,964	\$ 29,610	\$ 30,964
Percentage of total assets under management	42.0 %	43.7 %	42.0 %	43.7 %
Average assets under management	\$ 29,442	\$ 29,862	\$ 28,223	\$ 28,586
Preferred Securities				
Assets under management, beginning of period	\$ 17,116	\$ 15,735	\$ 17,581	\$ 13,068
Inflows	2,167	1,371	6,698	4,406
Outflows	(941)	(732)	(4,836)	(2,274)
Net inflows (outflows)	1,226	639	1,862	2,132
Market appreciation (depreciation)	844	510	102	1,966
Distributions	(176)	(154)	(504)	(436)
Transfers	—	19	(31)	19
Total increase (decrease)	1,894	1,014	1,429	3,681
Assets under management, end of period	\$ 19,010	\$ 16,749	\$ 19,010	\$ 16,749
Percentage of total assets under management	27.0 %	23.6 %	27.0 %	23.6 %
Average assets under management	\$ 18,255	\$ 16,268	\$ 17,331	\$ 15,232
Global/International Real Estate				
Assets under management, beginning of period	\$ 12,659	\$ 12,196	\$ 13,509	\$ 11,047
Inflows	851	672	3,706	1,912
Outflows	(379)	(349)	(1,759)	(2,226)
Net inflows (outflows)	472	323	1,947	(314)
Market appreciation (depreciation)	740	638	(1,546)	2,502
Distributions	(8)	(16)	(47)	(94)
Total increase (decrease)	1,204	945	354	2,094
Assets under management, end of period	\$ 13,863	\$ 13,141	\$ 13,863	\$ 13,141
Percentage of total assets under management	19.7 %	18.6 %	19.7 %	18.6 %
Average assets under management	\$ 13,520	\$ 12,633	\$ 12,722	\$ 12,532

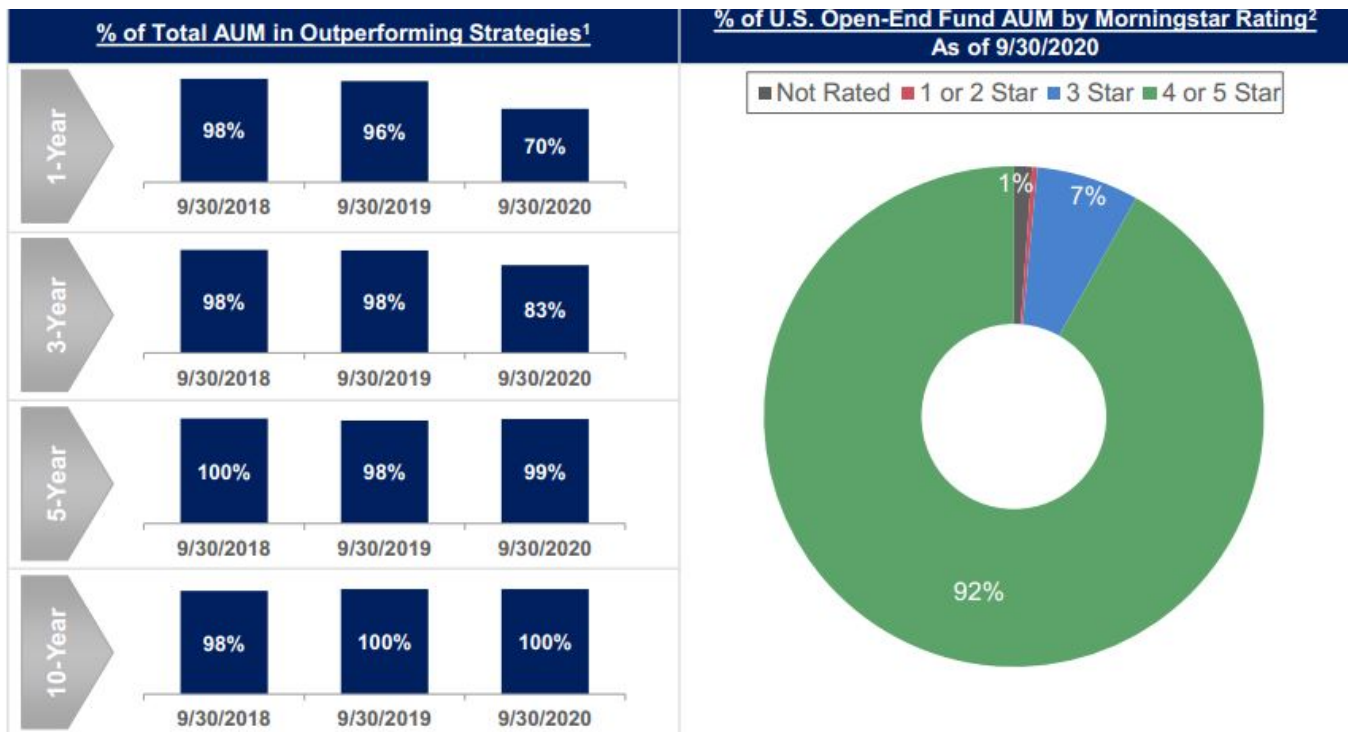
Assets Under Management

By Investment Strategy - continued

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Global Listed Infrastructure				
Assets under management, beginning of period	\$ 6,768	\$ 7,544	\$ 8,076	\$ 6,517
Inflows	139	212	681	494
Outflows	(655)	(92)	(1,323)	(414)
Net inflows (outflows)	(516)	120	(642)	80
Market appreciation (depreciation)	93	159	(985)	1,326
Distributions	(46)	(49)	(150)	(149)
Total increase (decrease)	(469)	230	(1,777)	1,257
Assets under management, end of period	\$ 6,299	\$ 7,774	\$ 6,299	\$ 7,774
Percentage of total assets under management	8.9 %	11.0 %	8.9 %	11.0 %
Average assets under management	\$ 6,839	\$ 7,650	\$ 7,082	\$ 7,383
Other				
Assets under management, beginning of period	\$ 1,665	\$ 2,285	\$ 1,992	\$ 2,594
Inflows	22	61	122	155
Outflows	(28)	(132)	(138)	(792)
Net inflows (outflows)	(6)	(71)	(16)	(637)
Market appreciation (depreciation)	71	8	(231)	319
Distributions	(9)	(12)	(24)	(45)
Transfers	—	—	—	(21)
Total increase (decrease)	56	(75)	(271)	(384)
Assets under management, end of period	\$ 1,721	\$ 2,210	\$ 1,721	\$ 2,210
Percentage of total assets under management	2.4 %	3.1 %	2.4 %	3.1 %
Average assets under management	\$ 1,740	\$ 2,230	\$ 1,733	\$ 2,310
Total				
Assets under management, beginning of period	\$ 66,327	\$ 66,601	\$ 72,182	\$ 57,853
Inflows	6,006	3,954	20,117	11,860
Outflows	(3,736)	(2,824)	(13,242)	(9,714)
Net inflows (outflows)	2,270	1,130	6,875	2,146
Market appreciation (depreciation)	2,630	3,751	(6,120)	13,448
Distributions	(724)	(644)	(2,434)	(2,609)
Total increase (decrease)	4,176	4,237	(1,679)	12,985
Assets under management, end of period	\$ 70,503	\$ 70,838	\$ 70,503	\$ 70,838
Average assets under management	\$ 69,796	\$ 68,643	\$ 67,091	\$ 66,043

Investment Performance at September 30, 2020



- (1) Past performance is no guarantee of future results. Outperformance is determined by comparing the annualized investment performance of each investment strategy to the performance of specified reference benchmarks. Investment performance in excess of the performance of the benchmark is considered outperformance. The investment performance calculation of each investment strategy is based on all active accounts and investment models pursuing similar investment objectives. For accounts, actual investment performance is measured gross of fees and net of withholding taxes. For investment models, for which actual investment performance does not exist, the investment performance of a composite of accounts pursuing comparable investment objectives is used as a proxy for actual investment performance. The performance of the specified reference benchmark for each account and investment model is measured net of withholding taxes, where applicable. This is not investment advice and may not be construed as sales or marketing material for any financial product or service sponsored or provided by Cohen & Steers.
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Overview

Assets under management at September 30, 2020 decreased 0.5% to \$70.5 billion from \$70.8 billion at September 30, 2019. The decrease was due to market depreciation of \$5.0 billion, which included the impact of \$15.3 billion of market depreciation in the first quarter of 2020 primarily related to the COVID-19 pandemic, and distributions of \$3.8 billion, partially offset by net inflows of \$8.5 billion. Net inflows included \$4.8 billion into U.S. real estate, \$2.4 billion into preferred securities and \$2.1 billion into global/international real estate, partially offset by net outflows of \$709 million from global listed infrastructure. Market depreciation included \$3.4 billion from U.S. real estate and \$1.2 billion from global/international real estate. Distributions included \$2.7 billion from U.S. real estate and \$666 million from preferred securities. Our annualized organic growth rate was 13.6% for the three months ended September 30, 2020, compared with 6.7% for the three months ended September 30, 2019. The organic growth rate represents the ratio of annualized net flows for the quarter to the beginning assets under management of the respective period.

Average assets under management for the three months ended September 30, 2020 increased 1.7% to \$69.8 billion from \$68.6 billion for the three months ended September 30, 2019.

Institutional accounts

Assets under management in institutional accounts at September 30, 2020, which represented 43.1% of total assets under management, decreased 3.7% to \$30.4 billion from \$31.5 billion at September 30, 2019. The decrease was due to market depreciation of \$2.8 billion and distributions of \$1.3 billion, partially offset by net inflows of \$2.9 billion. Net inflows included \$2.1 billion into global/international real estate and \$1.6 billion into U.S. real estate, partially offset by net outflows of \$607 million from global listed infrastructure, which included a \$506 million termination from a single client in the third quarter, and \$178 million from preferred securities. Market depreciation included \$1.6 billion from U.S. real estate, \$934 million from global/international real estate and \$257 million from global listed infrastructure. Distributions included \$1.3 billion from U.S. real estate. Our annualized organic growth rate for institutional accounts was 8.3% for the three months ended September 30, 2020, compared with 6.9% for the three months ended September 30, 2019.

Average assets under management for institutional accounts for the three months ended September 30, 2020 decreased 0.6% to \$30.3 billion from \$30.5 billion for the three months ended September 30, 2019.

Assets under management in institutional advisory accounts at September 30, 2020, which represented 53.0% of institutional assets under management, increased 5.6% to \$16.1 billion from \$15.2 billion at September 30, 2019. The increase was due to net inflows of \$1.7 billion, partially offset by market depreciation of \$895 million. Net inflows included \$1.6 billion into global/international real estate and \$531 million into U.S. real estate, partially offset by net outflows of \$470 million from global listed infrastructure, which included a \$506 million termination from a single client in the third quarter. Market depreciation included \$411 million from U.S. real estate and \$350 million from global/international real estate. Our annualized organic growth rate for institutional advisory accounts was 2.8% for the three months ended September 30, 2020, compared with 12.4% for the three months ended September 30, 2019.

Average assets under management for institutional advisory accounts for the three months ended September 30, 2020 increased 10.5% to \$16.2 billion from \$14.7 billion for the three months ended September 30, 2019.

Assets under management in Japan subadvisory accounts at September 30, 2020, which represented 29.7% of institutional assets under management, decreased 12.5% to \$9.0 billion from \$10.3 billion at September 30, 2019. The decrease was due to market depreciation of \$1.2 billion and distributions of \$1.3 billion, partially offset by net inflows of \$1.2 billion. Net inflows included \$1.1 billion into U.S. real estate. Market depreciation included \$1.1 billion from U.S. real estate. Distributions included \$1.3 billion from U.S. real estate. Our annualized organic growth rate for Japan subadvisory accounts was 13.4% for the three months ended September 30, 2020, compared with 0.4% for the three months ended September 30, 2019.

Average assets under management for Japan subadvisory accounts for the three months ended September 30, 2020 decreased 10.4% to \$9.0 billion from \$10.0 billion for the three months ended September 30, 2019.

Assets under management in institutional subadvisory accounts excluding Japan at September 30, 2020, which represented 17.4% of institutional assets under management, decreased 11.9% to \$5.3 billion from \$6.0 billion at September 30, 2019. The decrease was due to net outflows of \$67 million and market depreciation of \$656 million. Net outflows included \$129 million each from global listed infrastructure and preferred securities and \$66 million from U.S. real estate, partially offset by net inflows of \$276 million into global/international real estate. Market depreciation included \$461 million from global/international real estate and \$103 million from global listed infrastructure. Our annualized organic growth rate for institutional subadvisory accounts excluding Japan was 16.2% for the three months ended September 30, 2020, compared with 4.3% for the three months ended September 30, 2019.

Average assets under management for institutional subadvisory accounts excluding Japan for the three months ended September 30, 2020 decreased 11.8% to \$5.1 billion from \$5.8 billion for the three months ended September 30, 2019.

Open-end funds

Assets under management in open-end funds at September 30, 2020, which represented 44.5% of total assets under management, increased 6.1% to \$31.4 billion from \$29.6 billion at September 30, 2019. The increase was due to net inflows of \$5.3 billion, partially offset by market depreciation of \$1.5 billion and distributions of \$2.0 billion, approximately 77.9% of which were reinvested and included in our net inflows. Net inflows included \$2.7 billion into U.S. real estate and \$2.6 billion into preferred securities. Market depreciation included \$1.5 billion from U.S. real estate, partially offset by market appreciation of \$442 million from preferred securities. Distributions included \$1.2 billion from U.S. real estate and \$553 million from preferred securities. Our annualized organic growth rate for open-end funds was 22.3% for the three months ended September 30, 2020, compared with 8.9% for the three months ended September 30, 2019.

Average assets under management for open-end funds for the three months ended September 30, 2020 increased 7.5% to \$30.7 billion from \$28.5 billion for the three months ended September 30, 2019.

Closed-end funds

Assets under management in closed-end funds at September 30, 2020, which represented 12.4% of total assets under management, decreased 10.2% to \$8.7 billion from \$9.7 billion at September 30, 2019. The decrease was due to market depreciation of \$761 million and distributions of \$514 million, partially offset by net inflows of \$287 million, primarily due to the Cohen & Steers Quality Income Realty Fund, Inc. (RQI) rights offering. On October 27, 2020, the initial offering period of our latest closed-end fund, the Cohen & Steers Tax-Advantaged Preferred Securities and Income Fund (PTA), concluded. In connection with the offering, we raised approximately \$1.3 billion in proceeds, excluding leverage. In addition, the underwriters have an option to purchase, within 45 days, up to an additional 7.5 million shares at the public offering price of \$25.00 per share.

Average assets under management for closed-end funds for the three months ended September 30, 2020 decreased 8.4% to \$8.8 billion from \$9.6 billion for the three months ended September 30, 2019.

Summary of Operating Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands, except percentages and per share data)</i>				
U.S. GAAP				
Revenue	\$ 111,159	\$ 104,965	\$ 311,076	\$ 300,983
Expenses	\$ 67,852	\$ 64,832	\$ 204,105	\$ 187,311
Operating income	\$ 43,307	\$ 40,133	\$ 106,971	\$ 113,672
Non-operating income (loss)	\$ 3,231	\$ 6,617	\$ (8,659)	\$ 26,063
Net income attributable to common stockholders	\$ 31,904	\$ 34,017	\$ 80,996	\$ 97,893
Diluted earnings per share	\$ 0.66	\$ 0.70	\$ 1.67	\$ 2.03
Operating margin	39.0 %	38.2 %	34.4 %	37.8 %
As Adjusted ⁽¹⁾				
Net income attributable to common stockholders	\$ 32,616	\$ 31,257	\$ 88,209	\$ 88,363
Diluted earnings per share	\$ 0.67	\$ 0.65	\$ 1.82	\$ 1.84
Operating margin	39.6 %	38.8 %	38.6 %	38.4 %

(1) The "As Adjusted" amounts represent non-GAAP financial measures. Refer to pages 36-37 for reconciliations to the most directly comparable U.S. GAAP financial measures.

U.S. GAAP

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Revenue

	Three Months Ended September 30,		\$ Change	% Change
	2020	2019		
<i>(in thousands)</i>				
Institutional accounts	\$ 32,880	\$ 27,510	\$ 5,370	19.5 %
Open-end funds	51,604	48,540	3,064	6.3 %
Closed-end funds	18,676	20,713	(2,037)	(9.8)%
Investment advisory and administration fees	103,160	96,763	6,397	6.6 %
Distribution and service fees	7,572	7,681	(109)	(1.4)%
Other	427	521	(94)	(18.0)%
Total revenue	\$ 111,159	\$ 104,965	\$ 6,194	5.9 %

Revenue for the three months ended September 30, 2020 increased primarily due to the recognition of \$5.2 million of performance fees from certain institutional accounts and higher average assets under management in open-end funds.

- Total investment advisory revenue compared with average assets under management in institutional accounts implied an annualized effective fee rate of 43.1 bps and 35.8 bps for the three months ended September 30, 2020 and 2019, respectively. The increase in the implied annualized effective fee rate is primarily due to the recognition of performance fees.
- Total investment advisory and administration revenue compared with average assets under management in open-end funds implied an annualized effective fee rate of 66.9 bps and 67.5 bps for the three months ended September 30, 2020 and 2019, respectively. The decrease in the implied annualized effective fee rate is primarily due to a shift into funds with lower net fee rates.
- Total investment advisory and administration revenue compared with average assets under management in closed-end funds implied an annualized effective fee rate of 84.7 bps and 85.8 bps for the three months ended September 30, 2020 and 2019, respectively. The decrease in the implied annualized effective fee rate is primarily due to the reorganization of Cohen & Steers Global Income Builder, Inc. into Cohen & Steers Infrastructure Fund, Inc. In the fourth quarter of 2020, the implied annualized effective fee rate is expected to increase as the result of the initial offering of PTA, which concluded on October 27, 2020.

Expenses

<i>(in thousands)</i>	Three Months Ended September 30,			
	2020	2019	\$ Change	% Change
Employee compensation and benefits	\$ 41,060	\$ 37,877	\$ 3,183	8.4 %
Distribution and service fees	14,642	14,142	500	3.5 %
General and administrative	11,006	11,713	(707)	(6.0)%
Depreciation and amortization	1,144	1,100	44	4.0 %
Total expenses	<u>\$ 67,852</u>	<u>\$ 64,832</u>	<u>\$ 3,020</u>	4.7 %

Employee compensation and benefits expenses for the three months ended September 30, 2020 increased primarily due to higher incentive compensation of \$1.3 million which increased consistent with revenue growth and higher salaries of \$1.0 million.

Distribution and service fees expense for the three months ended September 30, 2020 increased primarily due to higher average assets under management in U.S. open-end funds, partially offset by a shift in the composition of assets under management into lower cost share classes.

General and administrative expenses for the three months ended September 30, 2020 decreased primarily due to lower travel and entertainment expenses of \$833,000 and lower recruiting fees of \$201,000, partially offset by \$310,000 of costs associated with the initial offering of PTA, which concluded on October 27, 2020.

In connection with the initial offering of PTA, we have incurred approximately \$56.7 million of costs during the fourth quarter. Additional costs would be incurred should the underwriters exercise their option to purchase, within 45 days, up to an additional 7.5 million shares at the public offering price of \$25.00 per share.

Operating Margin

Operating margin for the three months ended September 30, 2020 increased to 39.0% from 38.2% for the three months ended September 30, 2019. Operating margin represents the ratio of operating income to revenue.

Non-operating Income (Loss)

<i>(in thousands)</i>	Three Months Ended					
	September 30, 2020			September 30, 2019		
	Seed Investments	Other	Total	Seed Investments	Other	Total
Interest and dividend income—net	\$ 574	\$ 120	\$ 694	\$ 691	\$ 1,022	\$ 1,713
Gain (loss) from investments—net	3,279	—	3,279	4,472	—	4,472
Foreign currency gains (losses)—net	108	(850)	(742)	(945)	1,377	432
Total non-operating income (loss)	<u>\$ 3,961</u> ⁽¹⁾	<u>\$ (730)</u>	<u>\$ 3,231</u>	<u>\$ 4,218</u> ⁽¹⁾	<u>\$ 2,399</u>	<u>\$ 6,617</u>

(1) Seed investments included net income of \$2.1 million and \$2.4 million attributable to third-party interests for the three months ended September 30, 2020 and 2019, respectively.

Income Taxes

<i>(in thousands, except percentages)</i>	Three Months Ended September 30,			
	2020	2019	\$ Change	% Change
Income tax expense	\$ 12,532	\$ 10,352	\$ 2,180	21.1 %
Effective tax rate	28.2 %	23.3 %		

The effective tax rate for the three months ended September 30, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes as well as the effect of certain permanent differences, the most significant of which related to limitations on the deductibility of executive compensation. The effective tax rate for the three months ended September 30, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the release of a portion of the valuation allowance associated with unrealized gains on the Company's seed investments.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Revenue

(in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2020	2019		
Institutional accounts	\$ 85,239	\$ 81,045	\$ 4,194	5.2 %
Open-end funds	146,048	136,609	9,439	6.9 %
Closed-end funds	55,810	59,767	(3,957)	(6.6)%
Investment advisory and administration fees	287,097	277,421	9,676	3.5 %
Distribution and service fees	22,285	22,072	213	1.0 %
Other	1,694	1,490	204	13.7 %
Total revenue	<u>\$ 311,076</u>	<u>\$ 300,983</u>	<u>\$ 10,093</u>	3.4 %

Revenue for the nine months ended September 30, 2020 increased primarily due to the recognition of \$5.2 million of performance fees from certain institutional accounts and higher average assets under management in open-end funds, partially offset by lower average assets under management in institutional accounts and closed-end funds.

- Total investment advisory revenue compared with average assets under management in institutional accounts implied an annualized effective fee rate of 39.1 bps and 36.2 bps for the nine months ended September 30, 2020 and 2019, respectively. The increase in the implied annualized effective fee rate is primarily due to the recognition of performance fees.
- Total investment advisory and administration revenue compared with average assets under management in open-end funds implied an annualized effective fee rate of 67.0 bps and 68.2 bps for the nine months ended September 30, 2020 and 2019, respectively. The decrease in the implied annualized effective fee rate is primarily due to a reduction of the investment advisory fee rate and higher fund reimbursements related to the imposition of an expense cap effective July 1, 2019 by Cohen & Steers Realty Shares, Inc.
- Total investment advisory and administration revenue compared with average assets under management in closed-end funds implied an annualized effective fee rate of 84.8 bps and 85.9 bps for the nine months ended September 30, 2020 and 2019, respectively. The decrease in the implied annualized effective fee rate is primarily due to the reorganization of Cohen & Steers Global Income Builder, Inc. into Cohen & Steers Infrastructure Fund, Inc. In the fourth quarter of 2020, the implied annualized effective fee rate is expected to increase as the result of the initial offering of PTA, which concluded on October 27, 2020.

Expenses

(in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2020	2019		
Employee compensation and benefits	\$ 113,997	\$ 108,438	\$ 5,559	5.1 %
Distribution and service fees	41,264	40,866	398	1.0 %
General and administrative	45,320	34,690	10,630	30.6 %
Depreciation and amortization	3,524	3,317	207	6.2 %
Total expenses	<u>\$ 204,105</u>	<u>\$ 187,311</u>	<u>\$ 16,794</u>	9.0 %

Employee compensation and benefits expenses for the nine months ended September 30, 2020 increased primarily due to higher salaries of \$2.7 million and severance expenses of \$1.6 million.

General and administrative expenses for the nine months ended September 30, 2020 increased primarily due to costs associated with the RQI rights offering of approximately \$12.0 million, partially offset by lower travel and entertainment expenses of \$1.7 million.

In connection with the initial offering of PTA, which concluded on October 27, 2020, we have incurred approximately \$56.7 million of costs during the fourth quarter. Additional costs would be incurred should the underwriters exercise their option to purchase, within 45 days, up to an additional 7.5 million shares at the public offering price of \$25.00 per share.

Operating Margin

Operating margin for the nine months ended September 30, 2020 decreased to 34.4% from 37.8% for the nine months ended September 30, 2019. Operating margin, which represents the ratio of operating income to revenue, decreased primarily due to higher general and administrative expenses associated with the RQI rights offering.

Non-operating Income (Loss)

	Nine Months Ended					
	September 30, 2020			September 30, 2019		
(in thousands)	Seed Investments	Other	Total	Seed Investments	Other	Total
Interest and dividend income—net . . .	\$ 1,785	\$ 951	\$ 2,736	\$ 2,458	\$ 2,716	\$ 5,174
Gain (loss) from investments—net . . .	(11,431)	—	(11,431)	20,210	—	20,210
Foreign currency gains (losses)—net . . .	(590)	626	36	(392)	1,071	679
Total non-operating income (loss) . . .	<u>\$ (10,236) ⁽¹⁾</u>	<u>\$ 1,577</u>	<u>\$ (8,659)</u>	<u>\$ 22,276 ⁽¹⁾</u>	<u>\$ 3,787</u>	<u>\$ 26,063</u>

(1) Seed investments included net loss of \$6.8 million and net income of \$11.1 million attributable to third-party interests for the nine months ended September 30, 2020 and 2019, respectively.

Income Taxes

(in thousands, except percentages)	Nine Months Ended September 30,			
	2020	2019	\$ Change	% Change
Income tax expense	\$ 24,076	\$ 30,711	\$ (6,635)	(21.6)%
Effective tax rate	22.9 %	23.9 %		

The effective tax rate for the nine months ended September 30, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes as well as the effect of certain permanent differences, the most significant of which related to limitations on the deductibility of executive compensation. These were partially offset by discrete tax items, primarily related to the appreciated value of the restricted stock units delivered in January 2020. The effective tax rate for the nine months ended September 30, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the release of a portion of the valuation allowance associated with unrealized gains on the Company's seed investments and a discrete item related to the appreciated value of the restricted stock units delivered in January 2019.

As Adjusted

The term "As Adjusted" is used to identify non-GAAP financial information in the discussion below. Refer to pages 36-37 for reconciliations to the most directly comparable U.S. GAAP financial measures.

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Revenue

Revenue, as adjusted, for the three months ended September 30, 2020 was \$111.4 million, compared with \$104.9 million for the three months ended September 30, 2019.

Revenue, as adjusted, excluded the consolidation of certain of our seed investments for both periods.

Expenses

Expenses, as adjusted, for the three months ended September 30, 2020 were \$67.3 million, compared with \$64.1 million for the three months ended September 30, 2019.

Expenses, as adjusted, excluded the following:

- The consolidation of certain of our seed investments for both periods;
- Amounts related to the accelerated vesting of certain restricted stock units for both periods; and
- Costs associated with the initial offering of PTA, which concluded on October 27, 2020, for the three months ended September 30, 2020.

Operating Margin

Operating margin, as adjusted, for the three months ended September 30, 2020 was 39.6%, compared with 38.8% for the three months ended September 30, 2019.

Non-operating Income

Non-operating income, as adjusted, for the three months ended September 30, 2020 was \$502,000, compared with \$1.1 million for the three months ended September 30, 2019.

Non-operating income, as adjusted, excluded the following for both periods:

- Results from our seed investments; and
- Net foreign currency exchange gains and losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

Income Taxes

The effective tax rate, as adjusted, for the three months ended September 30, 2020 was 27.0%, compared with 25.3% for the three months ended September 30, 2019.

The effective tax rate, as adjusted, excluded the tax effects associated with non-GAAP adjustments as well as discrete items for both periods.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Revenue

Revenue, as adjusted, for the nine months ended September 30, 2020 was \$311.3 million, compared with \$300.6 million for the nine months ended September 30, 2019.

Revenue, as adjusted, excluded the consolidation of certain of our seed investments for both periods.

Expenses

Expenses, as adjusted, for the nine months ended September 30, 2020 were \$191.2 million, compared with \$185.2 million for the nine months ended September 30, 2019.

Expenses, as adjusted, excluded the following:

- The consolidation of certain of our seed investments for both periods;
- Amounts related to the accelerated vesting of certain restricted stock units for both periods; and
- Costs associated with the initial offering of PTA, which concluded on October 27, 2020 and costs associated with the first quarter's RQI rights offering for the nine months ended September 30, 2020.

Operating Margin

Operating margin, as adjusted, for the nine months ended September 30, 2020 was 38.6%, compared with 38.4% for the nine months ended September 30, 2019.

Non-operating Income

Non-operating income, as adjusted, for the nine months ended September 30, 2020 was \$765,000, compared with \$2.9 million for the nine months ended September 30, 2019.

Non-operating income, as adjusted, excluded the following for both periods:

- Results from our seed investments; and
- Net foreign currency exchange gains and losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

Income Taxes

The effective tax rate, as adjusted, for the nine months ended September 30, 2020 was 27.0%, compared with 25.3% for the nine months ended September 30, 2019.

The effective tax rate, as adjusted, excluded the tax effects associated with non-GAAP adjustments as well as discrete items for both periods.

Non-GAAP Reconciliations

Management believes that use of these non-GAAP financial measures enhances the evaluation of our results, as they provide greater transparency into our operating performance. In addition, these non-GAAP financial measures are used to prepare our internal management reports and are used by management in evaluating our business.

While we believe that this non-GAAP financial information is useful in evaluating our results and operating performance, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP.

Reconciliation of U.S. GAAP Net Income Attributable to Common Stockholders and U.S. GAAP Earnings per Share to Net Income Attributable to Common Stockholders, As Adjusted, and Earnings per Share, As Adjusted

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands, except per share data)</i>				
Net income attributable to common stockholders, U.S. GAAP	\$ 31,904	\$ 34,017	\$ 80,996	\$ 97,893
Seed investments ⁽¹⁾	(1,686)	(1,630)	4,017	(10,465)
Accelerated vesting of restricted stock units	387	387	387	986
General and administrative ⁽²⁾	310	—	12,169	—
Foreign currency exchange (gains) losses—net ⁽³⁾	1,232	(1,310)	(812)	(913)
Tax adjustments ⁽⁴⁾	469	(207)	(8,548)	862
Net income attributable to common stockholders, as adjusted	<u>\$ 32,616</u>	<u>\$ 31,257</u>	<u>\$ 88,209</u>	<u>\$ 88,363</u>
Diluted weighted average shares outstanding	48,681	48,412	48,588	48,118
Diluted earnings per share, U.S. GAAP	\$ 0.66	\$ 0.70	\$ 1.67	\$ 2.03
Seed investments ⁽¹⁾	(0.04)	(0.03)	0.09	(0.21)
Accelerated vesting of restricted stock units	0.01	0.01	0.01	0.02
General and administrative ⁽²⁾	0.01	—	0.25	—
Foreign currency exchange (gains) losses—net ⁽³⁾	0.02	(0.03)	(0.02)	(0.02)
Tax adjustments	0.01	— *	(0.18)	0.02
Diluted earnings per share, as adjusted	<u>\$ 0.67</u>	<u>\$ 0.65</u>	<u>\$ 1.82</u>	<u>\$ 1.84</u>

* Amounts round to less than \$0.01 per share.

- (1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.
- (2) Represents costs associated with the initial offering of the Cohen & Steers Tax Advantaged Preferred Securities and Income Fund in the third quarter of 2020 and costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering in the first quarter of 2020.
- (3) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.
- (4) Tax adjustments are summarized in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Discrete items	\$ 62	\$ (7)	\$ (5,745)	\$ (203)
Tax effect of non-GAAP adjustments	407	(200)	(2,803)	1,065
Total tax adjustments	<u>\$ 469</u>	<u>\$ (207)</u>	<u>\$ (8,548)</u>	<u>\$ 862</u>

Reconciliation of U.S. GAAP Operating Income and U.S. GAAP Operating Margin to Operating Income, As Adjusted, and Operating Margin, As Adjusted

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands, except percentages)</i>				
Revenue, U.S. GAAP	\$ 111,159	\$ 104,965	\$ 311,076	\$ 300,983
Seed investments ⁽¹⁾	275	(99)	186	(419)
Revenue, as adjusted	<u>\$ 111,434</u>	<u>\$ 104,866</u>	<u>\$ 311,262</u>	<u>\$ 300,564</u>
Expenses, U.S. GAAP	\$ 67,852	\$ 64,832	\$ 204,105	\$ 187,311
Seed investments ⁽¹⁾	102	(306)	(355)	(1,099)
Accelerated vesting of restricted stock units	(387)	(387)	(387)	(986)
General and administrative ⁽²⁾	(310)	—	(12,169)	—
Expenses, as adjusted	<u>\$ 67,257</u>	<u>\$ 64,139</u>	<u>\$ 191,194</u>	<u>\$ 185,226</u>
Operating income, U.S. GAAP	\$ 43,307	\$ 40,133	\$ 106,971	\$ 113,672
Seed investments ⁽¹⁾	173	207	541	680
Accelerated vesting of restricted stock units	387	387	387	986
General and administrative ⁽²⁾	310	—	12,169	—
Operating income, as adjusted	<u>\$ 44,177</u>	<u>\$ 40,727</u>	<u>\$ 120,068</u>	<u>\$ 115,338</u>
Operating margin, U.S. GAAP	39.0 %	38.2 %	34.4 %	37.8 %
Operating margin, as adjusted	39.6 %	38.8 %	38.6 %	38.4 %

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds.

(2) Represents costs associated with the initial offering of the Cohen & Steers Tax Advantaged Preferred Securities and Income Fund in the third quarter of 2020 and costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering in the first quarter of 2020.

Reconciliation of U.S. GAAP Non-operating Income (Loss) to Non-operating Income (Loss), As Adjusted

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>(in thousands)</i>				
Non-operating income (loss), U.S. GAAP	\$ 3,231	\$ 6,617	\$ (8,659)	\$ 26,063
Seed investments ⁽¹⁾	(3,961)	(4,218)	10,236	(22,276)
Foreign currency exchange (gains) losses—net ⁽²⁾	1,232	(1,310)	(812)	(913)
Non-operating income (loss), as adjusted	<u>\$ 502</u>	<u>\$ 1,089</u>	<u>\$ 765</u>	<u>\$ 2,874</u>

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.

(2) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

Changes in Financial Condition, Liquidity and Capital Resources

Our principal objectives are to maintain a capital structure that supports our business strategies and to maintain the appropriate amount of liquidity at all times. Furthermore, despite the ongoing challenges arising from the COVID-19 pandemic, we currently expect cash flows from operations are more than adequate to fund our present and reasonably foreseeable future commitments for investing and financing activities.

Net Liquid Assets

Our current financial condition is highly liquid, primarily comprising cash and cash equivalents, U.S. Treasury securities, seed investments and other current assets. Liquid assets are reduced by current liabilities, which are generally defined as obligations due within one year (together, net liquid assets). The Company does not currently have any outstanding debt. If we were to experience a sustained decline in the investment performance of the portfolios and strategies we manage as a result of negative market, financial and economic conditions caused by the COVID-19 pandemic, our assets under management and the fees we earn in future periods could be adversely impacted. In addition, such negative market conditions could result in declines in the value of our seed investments. Any actual or anticipated reduction in our profitability or the value of our seed investments as a result of the COVID-19 pandemic could negatively impact our future financial condition.

The table below summarizes net liquid assets:

<i>(in thousands)</i>	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 96,305	\$ 101,352
U.S. Treasury securities	49,976	49,807
Seed investments—net	55,572	53,130
Current assets	67,465	59,927
Current liabilities	(72,680)	(85,274)
Net liquid assets	<u>\$ 196,638</u>	<u>\$ 178,942</u>

Cash and cash equivalents

Cash and cash equivalents are on deposit with several highly rated financial institutions and include short-term, highly-liquid investments, which are readily convertible into cash and have original maturities of three months or less.

U.S. Treasury securities

U.S. Treasury securities are directly issued by the U.S. government and classified as held to maturity, with original maturities ranging from 3 to 24 months.

Seed investments—net

Seed investments are primarily comprised of investments in Company-sponsored funds that we do not consolidate, our pro-rata share of the net assets of the funds that we do consolidate, and listed securities held for the purpose of establishing performance track records. Seed investments are recorded at fair value, are generally traded in active markets on major exchanges and can typically be liquidated within a normal settlement cycle.

Current assets

Current assets primarily represent investment advisory and administration fees receivable. At September 30, 2020, institutional accounts comprised 60.3% of total accounts receivable, while open-end and closed-end funds, together, comprised 39.0% of total accounts receivable. We perform a review of our receivables on an ongoing basis in order to assess collectibility and, based on our analysis at September 30, 2020, there was no allowance for uncollectible accounts required.

Current liabilities

Current liabilities are generally defined as obligations due within one year, which include accrued compensation, distribution and service fees payable, certain income taxes payable, and other liabilities and accrued expenses.

Cash flows

Our cash flows generally result from the operating activities of our business, with investment advisory and administration fees being the most significant contributor.

The table below summarizes cash flows:

<i>(in thousands)</i>	Nine Months Ended September 30,	
	2020	2019
Cash Flow Data:		
Net cash provided by (used in) operating activities	\$ 87,188	\$ 73,778
Net cash provided by (used in) investing activities	(9,582)	20,521
Net cash provided by (used in) financing activities	(82,430)	(57,686)
Net increase (decrease) in cash and cash equivalents	(4,824)	36,613
Effect of foreign exchange rate changes on cash and cash equivalents	(223)	(1,018)
Cash and cash equivalents, beginning of the period	101,352	92,733
Cash and cash equivalents, end of the period	\$ 96,305	\$ 128,328

Cash and cash equivalents decreased by \$4.8 million, excluding the effect of foreign exchange rate changes, for the nine months ended September 30, 2020. Net cash provided by operating activities was \$87.2 million for the nine months ended September 30, 2020. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Net cash used in investing activities was \$9.6 million, which included \$58.7 million of investment purchases, partially offset by \$51.1 million of proceeds from the sale and maturities of investments. Net cash used in financing activities was \$82.4 million, including dividends paid to stockholders of \$56.0 million, repurchases of common stock to satisfy employee withholding tax obligations on the vesting and delivery of restricted stock units of \$25.9 million, as well as distributions to redeemable noncontrolling interests of \$5.8 million, partially offset by contributions from redeemable noncontrolling interests of \$4.5 million.

Cash and cash equivalents increased by \$36.6 million, excluding the effect of foreign exchange rate changes, for the nine months ended September 30, 2019. Net cash provided by operating activities was \$73.8 million for the nine months ended September 30, 2019. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Net cash provided by investing activities was \$20.5 million, which included \$70.5 million of proceeds from the sale and maturities of investments, partially offset by \$47.7 million of investment purchases. Net cash used in financing activities was \$57.7 million, including dividends paid to stockholders of \$51.1 million, distributions to redeemable noncontrolling interests of \$36.0 million and repurchases of common stock to satisfy employee withholding tax obligations on the vesting and delivery of restricted stock units of \$10.4 million, partially offset by contributions from redeemable noncontrolling interests of \$39.1 million.

Net Capital Requirements

We continually monitor and evaluate the adequacy of our capital. We have consistently maintained net capital in excess of the regulatory requirements for Cohen & Steers Securities, LLC (CSS), our registered broker-dealer, as prescribed by the Securities and Exchange Commission (SEC). At September 30, 2020, CSS had net capital of approximately \$2.8 million, which exceeded its minimum regulatory capital requirement by approximately \$2.6 million. The SEC's Uniform Net Capital Rule 15c3-1 imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital.

Cohen & Steers Asia Limited (CSAL) is subject to regulation by the Hong Kong Securities and Futures Commission. At September 30, 2020, CSAL had regulatory capital of approximately \$3.5 million, which exceeded its minimum regulatory capital requirement by approximately \$3.1 million. During the nine months ended September 30, 2020, CSAL paid dividends in the amount of approximately \$12.9 million to its parent, Cohen & Steers Capital Management, Inc.

Cohen & Steers UK Limited (CSUK) is subject to regulation by the United Kingdom Financial Conduct Authority. At September 30, 2020, CSUK had regulatory capital of approximately \$27.4 million, which exceeded its minimum regulatory capital requirement by approximately \$22.7 million. During the nine months ended September 30, 2020, CSUK paid a dividend in the amount of approximately \$14.8 million to its parent, Cohen & Steers, Inc.

We believe that our cash and cash equivalents and cash flows from operations will be more than adequate to meet our anticipated capital requirements and other obligations as they become due.

Dividends

Subject to the approval of our Board of Directors, we anticipate paying dividends. When determining whether to pay a dividend, we take into account general economic and business conditions, our strategic plans, our results of operations and financial condition, contractual, legal and regulatory restrictions on the payment of dividends, if any, by us and our subsidiaries and such other factors deemed relevant. Any actual or anticipated reduction in our profitability as a result of the COVID-19 pandemic could limit our future dividend capacity.

On November 5, 2020, the Company declared quarterly and special cash dividends on its common stock in the amount of \$0.39 and \$1.00 per share, respectively. The dividends will be payable on December 1, 2020 to stockholders of record at the close of business on November 16, 2020.

Investment Commitments

We have committed to co-invest up to \$5.1 million alongside Cohen & Steers Global Realty Partners III-TE, L.P. (GRP-TE). As of September 30, 2020, we had funded approximately \$3.8 million of this commitment. Our co-investment alongside GRP-TE is illiquid and is anticipated to be invested for the life of the fund. The timing of the funding of the unfunded portion of our commitment is currently unknown, as the drawdown of our commitment is contingent on the timing of drawdowns by the underlying funds in which GRP-TE invests. The unfunded portion of this commitment is not recorded on our condensed consolidated statements of financial condition.

Contractual Obligations and Contingencies

The following table summarizes our contractual obligations at September 30, 2020:

<i>(in thousands)</i>	2020	2021	2022	2023	2024	2025 and after	Total
Operating leases	\$ 3,093	\$ 12,144	\$ 11,855	\$ 11,408	\$ 961	\$ —	\$ 39,461
Purchase obligations	824	2,367	1,517	747	668	1,001	7,124
Other liability	—	665	665	1,246	1,662	2,077	6,315
Total	<u>\$ 3,917</u>	<u>\$ 15,176</u>	<u>\$ 14,037</u>	<u>\$ 13,401</u>	<u>\$ 3,291</u>	<u>\$ 3,078</u>	<u>\$ 52,900</u>

Operating Leases

Operating leases generally consist of noncancelable long-term leases for office space and certain information technology equipment.

Purchase Obligations

Purchase obligations represent executory contracts, which are either noncancelable or cancelable with a penalty. The Company's obligations primarily reflected standard service contracts for market data.

Other Liability

Other liability consists of the transition tax liability based on the cumulative undistributed earnings and profits of our foreign subsidiaries in connection with the enactment of the Tax Cuts and Jobs Act in 2017. This tax liability, paid over eight years on an interest-free basis, is included as part of income tax payable on our condensed consolidated statements of financial condition.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any leasing activities that expose us to any liability that is not reflected in our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies is included in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2019. The extent to which the COVID-19 pandemic may impact our business, results of operations, financial condition or liquidity could affect our accounting estimates and will depend on ongoing and future developments which are highly uncertain and cannot be predicted, including the duration and severity of the pandemic, the prospects for a sustained recovery in the financial markets and the length of time it will take for our workforce to fully and safely return to the workplace.

Recently Issued Accounting Pronouncements

See discussion of Recently Issued Accounting Pronouncements in Note 2 of the Notes to Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

During 2020, capital, equity and credit markets experienced ongoing volatility and dislocations as a result of the broader implications of the COVID-19 pandemic. While markets are attempting to recover, the full scope and duration of the market and economic fallout from the COVID-19 pandemic is impossible to predict, and these conditions could worsen from those already experienced, including the possibility of a steep and prolonged economic downturn or global recession. If we were to experience a sustained decline in the performance of the portfolios and strategies we manage as a result of negative market, financial and economic conditions caused by the COVID-19 pandemic, our assets under management and the fees we earn in future periods could be adversely impacted. In addition, these market declines and disruptions could significantly reduce the demand for, and availability of, our investment products and services and contribute to redemptions, withdrawals and the potential loss of institutional separate account clients, which could have a material adverse effect on our revenue and net income. Please refer to Part II - Item 1A Risk Factors below for additional information regarding the effect on our business COVID-19 has had and may continue to have.

Investments

At September 30, 2020, we had equity investments at fair value and trading investments that are subject to price fluctuations. Equity investments at fair value included securities held within the consolidated Company-sponsored funds, as well as individual securities held directly for the purpose of establishing performance track records and seed investments in Company-sponsored open-end funds where we have neither control nor the ability to exercise significant influence. Trading investments included individual debt securities held directly for the purposes of establishing performance track records and debt securities held within the consolidated Company-sponsored funds.

The following table summarizes the effect of a ten percent increase or decrease in equity prices on our investments subject to price fluctuations as of September 30, 2020:

<i>(in thousands)</i>	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Equity investments at fair value			
Held directly	\$ 14,485	\$ 15,934	\$ 13,037
Held within consolidated sponsored funds	\$ 69,007	\$ 75,908	\$ 62,106
Trading			
Held directly	\$ 14,473	\$ 15,920	\$ 13,026
Held within consolidated sponsored funds	\$ 2,933	\$ 3,226	\$ 2,640

Hedging Instruments

The following table summarizes the effect of a ten percent increase or decrease in market prices on the derivative financial instruments used to hedge certain investments at fair value as of September 30, 2020:

<i>(in thousands)</i>	Notional Value	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Total return swaps - equities	\$ 17,264	\$ (45)	\$ (50)	\$ (41)

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) at September 30, 2020. Based on that evaluation and subject to the foregoing, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures at September 30, 2020 were effective to accomplish their objectives at a reasonable assurance level.

There has been no change in our internal control over financial reporting that occurred during the three months ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting despite our current “work-from-home” operating environment due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of the COVID-19 pandemic on our internal controls and third-party relationships to evaluate the impact, if any, on their design and operating effectiveness.

PART II—Other Information

Item 1. Legal Proceedings

From time to time, we may become involved in legal matters relating to claims arising in the ordinary course of our business. There are currently no such matters pending that we believe could have a material effect on our condensed consolidated results of operations, cash flows or financial condition. In addition, from time to time, we may receive subpoenas or other requests for information from various U.S. federal and state governmental authorities, domestic and international regulatory authorities and third parties in connection with certain industry-wide inquiries or other investigations or legal proceedings. It is our policy to cooperate fully with such requests.

Item 1A. Risk Factors

For a discussion of the potential risks and uncertainties associated with our business, please see Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019 (the Form 10-K) as well as the risk factor set forth below. Other than as described below, there have been no material changes to the risk factors disclosed in Part I, Item 1A of the Form 10-K.

Our business and operations are subject to risks associated with and arising from epidemic diseases, such as the ongoing global outbreak of the novel coronavirus, or COVID-19.

In December 2019, a novel coronavirus disease was reported, and in March 2020, the World Health Organization characterized COVID-19 as a pandemic. In March 2020, the United States declared a national emergency and many other countries did the same, imposing restrictions and taking preventative measures to try to contain the spread of the virus. The outbreak nevertheless spread rapidly across the globe, creating a global health pandemic and severely impacting worldwide economic activity. Various parts of the globe have experienced a resurgence in the virus during the fourth quarter of 2020, leading to the re-implementation of certain restrictions that had been eased by national governments after the initial stages of the pandemic. The threat of a further resurgence in any region could trigger broader and more severe governmental restrictions for a sustained period of time. Capital, equity and credit markets have experienced ongoing volatility and dislocations as a result of the broader implications of the COVID-19 pandemic.

The full scope and duration of the social, market and economic fallout from the COVID-19 pandemic is impossible to predict, and these conditions could worsen dramatically from those already experienced, including the possibility of a steep and prolonged economic downturn or global recession. If we were to experience a sustained decline in the performance of the portfolios and strategies we manage as a result of negative market, financial and economic conditions caused by the COVID-19 pandemic, our assets under management and the fees we earn in future periods could be adversely impacted. In addition, these market declines and disruptions could significantly reduce the demand for, and availability of, our investment products and services, and contribute to redemptions and withdrawals from our funds and the loss of institutional separate account clients, which could have a material adverse effect on our revenue and net income. Any actual or anticipated reduction in our profitability could impair our future dividend capacity and cash management policies and have a significant negative impact on the market price of our common stock.

The COVID-19 pandemic also poses continuing risk that our third-party intermediaries, service providers and key vendors may be unable to provide services or conduct business activities at full capacity for a period of time, including due to the spread of the virus or restrictions or shutdowns that are requested or mandated by governmental authorities. These conditions could lead to operational issues and interruptions for the Company and certain of our products, require us to incur significant additional costs, and negatively impact our business. We have critical operations, including portfolio management, trading operations, information technology, finance, investment administration and portfolio accounting services, that are geographically concentrated in New York and New Jersey, where the impact of the COVID-19 pandemic has been particularly pronounced. Both we and our third-party intermediaries, service providers and key vendors are also subject to a heightened risk of cyberattacks or other privacy or data security incidents due to the transition to a remote working environment and the increased use of virtual communication platforms.

The COVID-19 pandemic also presents a significant threat to our employees' safety and welfare. Our key employees or executive officers may become sick or otherwise unable to perform their duties for an extended period of time as a result of the virus. While we have taken precautionary measures intended to help minimize these risks, including transitioning to a "work-from-home" operating environment, these measures could negatively affect our business, particularly our "client-facing" operations, as well as employee productivity and human capital resources generally. In addition, continuing to carry out these precautionary measures on a sustained or long-term basis, or implementing and carrying out additional precautionary or protective measures to respond to conditions or applicable regulations that have been or may be created by the pandemic, may result in the incurrence of significant additional costs and expenses by us and reduce our profitability.

In addition to the foregoing, the COVID-19 pandemic is exacerbating several of the other risks described in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2020, we made the following purchases of our equity securities that are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 through July 31, 2020	—	\$ —	—	—
August 1 through August 31, 2020	342	\$ 61.45	—	—
September 1 through September 30, 2020	—	\$ —	—	—
Total	342	\$ 61.45	—	—

- (1) Purchases made to satisfy the income tax withholding obligations of certain employees upon the vesting and delivery of restricted stock units issued under the Company's Amended and Restated Stock Incentive Plan.

Item 6. Exhibits

Any agreements or other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and should not be relied upon for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

<u>Exhibit No.</u>	<u>Description</u>
3.1	— Form of Amended and Restated Certificate of Incorporation of the Company (1)
3.2	— Form of Amended and Restated Bylaws of the Company (2)
4.1	— Specimen Common Stock Certificate (3)
4.2	— Form of Registration Rights Agreement among the Company, Martin Cohen, Robert H. Steers, The Martin Cohen 1998 Family Trust and Robert H. Steers Family Trust (1)
31.1	— Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	— Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	— Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	— Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	— The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 formatted in inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Financial Condition (unaudited), (ii) the Condensed Consolidated Statements of Operations (unaudited), (iii) the Condensed Consolidated Statements of Comprehensive Income (unaudited), (iv) the Condensed Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interests (unaudited), (v) the Condensed Consolidated Statements of Cash Flows (unaudited), and (vi) the Notes to the Condensed Consolidated Financial Statements (unaudited).
104	— Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

(1) Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 333-114027), as amended, originally filed with the Securities and Exchange Commission on March 30, 2004.

(2) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-32236) for the quarter ended June 30, 2008.

(3) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-32236) for the quarter ended June 30, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 5, 2020

Cohen & Steers, Inc.

/s/ Matthew S. Stadler

Name: Matthew S. Stadler

Title: Executive Vice President & Chief Financial Officer

Date: November 5, 2020

Cohen & Steers, Inc.

/s/ Elena Dulik

Name: Elena Dulik

Title: Senior Vice President & Chief Accounting Officer